THE EMPIRE CLUB OF CANADA

Founded 1903

Addresses
2010–2011

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THE EMPIRE CLUB OF CANADA

2010–2011

107th Yearbook

Her Majesty Queen Elizabeth II
Queen of Canada
wearing Her Canadian insignia
as Sovereign of the Order of Canada
and the Order of Military Merit

THE EMPIRE CLUB OF CANADA

Founded 1903

Addresses 2010–2011

GOD SAVE THE QUEEN

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The Empire Club of Canada

Royal York Hotel
100 Front Street West
Toronto, Ontario M5J 1E3
(416) 364-2878

ISBN 0-9734345-0-3

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Published by
The Empire Club Foundation

Photography by Leni Johnston

Typeset by Fine Impressions, Toronto, Ontario

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Tim Reid
President, 2010–2011

THE EMPIRE CLUB OF CANADA PRESIDENT'S FOREWORD

The past year at the Empire Club of Canada was challenging, controversial and very exciting, and it truly was a great privilege to serve as club president for 2010–2011.

We had a real cross section of speakers from many different areas of our society. Our kick-off was unique and very entertaining to say the least. It was our Culture Days panel moderated by Seamus O'Regan. The panel included Jian Ghomeshi, Karen Kain, Antoni Cimolino and Guillaume Côté, all great participants of Canadian culture. That was our inaugural event. We went from that to an interesting address by the man who is now the mayor of Toronto. So it was a great start to the year and it set the tone for the speakers yet to come.

It was a great pleasure to have several military speakers with great insight into what Canada is up to around the world; it makes us very proud. A very special and fascinating speaker was Sheryl Sandberg, COO of Facebook. We were very fortunate to have her and she was delighted to be there. The investment forecast lunch again was very well attended and a great launch to 2011. Our highlight after that was Christopher Plummer and Gordon Pinsent; they were just the best—two great Canadians. Thanks to Nona Macdonald for making that work.

We rounded out the year with mainly energy-related speakers on nuclear, gas and wind. "Oh wind!" In true Empire Club forum we took on both viewpoints on the issue of wind despite major opposition on all sides. It was a real learning experience for all but rest assured the club stood its own and everyone survived, with lots of support!

As far as challenges go, as I mentioned before, we had a number, but staff and board all rallied to move things forward. My thanks go to the Executive and the Board. They had some tough decisions to make but it all worked out in the end. My sincere congratulations go out to Jehan Karsan and her staff who stepped up when called upon at a tough time.

I met a ton of people whom I would never have met otherwise and enjoyed myself immensely as president of the oldest and greatest speakers' club in Canada, the Empire Club. Thank you for having me.

Enjoy the words in this book; the time is worth it.

Tim Reid,
President, 2010–2011

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September 23, 2010

Jian Ghomeshi

Host of Q, CBC Radio One and Bold TV

Karen Kain

Artistic Director, National Ballet of Canada

Antoni Cimolino

Chair, Culture Days National Steering Committee, and General Director, Stratford Shakespeare Festival

Guillaume Côté

Principal Dancer, The National Ballet of Canada

THE CULTURE DAYS PANEL: THE START OF A NATIONAL PARTY!

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Piers Handling, CEO and Director, Toronto International Film Festival; Linda MacKenzie, Director, Philanthropy, Sun Life Financial; Dr. John Niles, Senior Minister, St. Andrew's United Church; Dr. Sara Diamond, President, OCAD University; Tom Bogart, Executive Vice-

President, Sun Life Financial; Kristine Stewart, Interim Executive Vice-President, English Services, CBC; The Hon. Michael Chan, Minister of Tourism and Culture, Ontario; Janice Price, CEO, Luminato; Doug Pepper, President and Publisher, McClelland Stewart; and Michael Levine, Partner, Goodmans LLP, Publisher, and Director, The Empire Club of Canada.

Introduction by Tim Reid

Thank you for joining us at the Empire Club's inaugural luncheon of 2010–2011. We are absolutely delighted to be doing a luncheon focused on Culture Days.

Before I introduce our head table, I would like to say a few words about the Culture Days.

This luncheon and a number of activities happening today across the country serve as a kick-off to an exciting coast-to-coast-to-coast Canadian celebration officially beginning tomorrow, Friday, September 24, and ending on Sunday, September 26.

Culture Days will feature thousands of free, hands-on, interactive arts-and-culture activities happening simultaneously across the country that invites Canadians to participate "behind the scenes" to discover the world of artists, creators, historians, architects, curators, and designers in their community.

The core vision behind this weekend of celebration is that every individual, regardless of age, background or experience, has the chance to access and participate actively in the arts and cultural life of his or her community.

Culture Days believes that the arts-and-cultural sector makes a vital contribution to the economic and social development of every community in Canada and contributes to the overall health of the country.

We at the Empire Club are pleased to be able to do our small part to promote Culture Days and we have an exciting line-up for you this afternoon.

Host: Seamus O'Regan, Co-Host, CTV's Canada AM

Antoni, Culture Days, what is Culture Days? Actually, more specifically, where is this coming from? What's the purpose?

Antonio Cimolini

What's the purpose? Well, Culture Days will be 4,500 free events. So the price point is zero and there are all kinds of different arts. There are arts organizations and there are individual artists who are opening up their doors and helping people understand how and why they do the work that they do. So it's a chance for people to try out an art form that maybe they've never gone to before. It's a chance for them to be able to ask any question they want of sculptors and find out why they do the things they do and what their goals are in their work.

So why are we doing this? Well, there are about 12 reasons. There are all sorts of practical reasons about building new audiences. There are all sorts of practical reasons like showing the world that arts are about all of us. Who doesn't take part in the arts? Who doesn't read a book or go to a movie? Who doesn't have a son or daughter who is taking ballet or dance of some kind or music? So we're all in involved in it. So it's important to send that message.

It also has to do with more intangible items like, for instance, mental health in our society. We all work a lot. It's great to enjoy ourselves. It's great to be able to have fun and also to celebrate creativity that's in ourselves and all around us and there are many other reasons to do it. It's a start up. This is year one and it's going to be great. I'm blown away by the amount of work that people have put into this, by the partners that have come to the table and I'm going to have to bore you later and thank some of them, but it is really touching what people have done, because the arts matter to them.

So in year one you're going to get to know it, in year two you're going to have your friends join you in going to it and in years three, four, five and six it'll be enormous.

Seamus O'Regan

Good. Karen, how would you characterize right now the state of the arts in Canada? I told her no tough questions. That's really bad of me. I'm sorry.

Karen Kain

I was all ready to talk about Culture Days.

Seamus O'Regan

And you can talk about that now.

Karen Kain

I actually think we live in a fantastic country and in general things are really good. This morning we were at an announcement by our Ontario government for a new investment fund of $27 million for the arts. That being said, I think we know in our jobs that there are huge challenges every day, every budget, every season. We never know for sure if people are going to buy those tickets and we sweat it out.

We are so grateful for all the support we get from governments and from regular citizens. The reason I really believe so strongly in this whole idea of Culture Days is I think that we have to constantly remind the citizens of this country how much art there is in their lives every day and how important it is.

For those of us who run organizations that have artistic disciplines, we know they can be intimidating and we want to demystify what it is we do, so that anyone can enjoy them and understand them. They don't have to be afraid to walk through the doors and see a Shakespearian play or a ballet. But they are afraid and sometimes they're afraid because it costs so much. That's a huge barrier.

I feel that if we want our institutions to flourish into the future, we want normal, regular Canadians to know the value of art in their lives and to support the fact that governments support these institutions. So I think it's something we have to build and build and build on. I know we stole this idea from Quebec. They were happy to sell this idea to us. It's been a huge, huge success in Quebec. It's been going for more than a decade and it's just got bigger and bigger and bigger, where the whole province celebrates the arts in their lives on the same weekend in September.

Antonio Cimolini

And as Simon Brault would say, “They stole it from Europe.”

Seamus O’Regan

Imitation is the sincerest form of flattery.

Antonio Cimolini

It’s cultural cross-pollination.

Seamus O’Regan

There we go. Is that vertical integration? Guillaume, I love your stories so I just want to share with everybody how you go from Lac Saint-Jean to the Staatsoper. I don’t even know what it is, but it just sounds impressive.

Karen Kain

And he’s performing with the National Ballet in Toronto in November, but then he leaves to go dance with the Royal Opera House in London. So he’s dancing “Cinderella” with us and then he’s dancing “Cinderella” with the Royal Ballet.

Antonio Cimolini

You are a living, breathing, cultural export.

Guillaume Cote

Yes.

Seamus O’Regan

How did you get into ballet?

Guillaume Cote

Sometimes I still wake up and wonder how I ended up here. I’m from a little town in Northern Quebec called Lac-à-la-Croix. There are about 900 people there. Needless to say, when I still tell my grandma what I do for a living—wearing tights in front of thousands of people—she thinks it’s still really, really odd.

But the great thing about being from such a small place is that my parents actually decided—I believe Quebec has always treated culture as a form of identity—that they really wanted culture to be a strong thing in their community. My parents started a little ballet school. In order to support the ballet school my sister started dancing and as there was no babysitter I started dancing as well.

Luckily the National Ballet School did auditions all over, including Quebec City. First I wanted to be a rock star, so I decided I was going to learn English and go to Toronto for a little bit. Then the greatest thing happened in my life. The National Ballet School was probably where I fell in love with dance. Then I helped my little community start to understand it.

One of the most beautiful things about my journey is that when I go back home, now people understand what I do. It's amazing that I've been able to touch those people from the small town and help them understand not only great things like hockey, but also understand what ballet is and what dance is. From this little ballet school that my parents created, so many young ones are actually at the National Ballet School in Toronto. So it's so wonderful to see that culture can give someone like me such a wonderful life that I would never have dreamt of having without this wonderful…I don't want to call it a job… lifestyle of expressing myself and sharing my imagination with everyone all day long.

I think my personal experience is special because not a day goes by that I'm not grateful for what culture has done for my life.

Karen Kain

Can I add just a little interesting side story?

Antonio Cimolini

You're Karen Kain; you can add whatever you want.

Karen Kain

I love this part because it really touched me personally. I've watched Guillaume since he was a little boy and I've watched him come through the school and watched his career develop. When I was with the Canada Council, I had a meeting with Lucien Bouchard, who was the Chair of the Montreal Symphony Orchestra. I remembered him coming to see Guillaume dance in Toronto and I thought, wow, the Parti Quebecois in Toronto watching the ballet. Then he told me that at one point Guillaume's parents could no longer afford to send him to Canada's National Ballet School and Lucien Bouchard supported Guillaume to come to the school in Toronto. He came to see him dance in "Sleeping Beauty" at the Hummingbird when we did it there. When I saw him in Montreal, he told me that looking back on his life he felt it was one of the most important things he'd ever done.

Seamus O'Regan

That's fantastic. The question I was going to ask you, Jian, is more or less a political one because I know you covered it and we covered it on Bravo as well extensively—the idea of politicizing arts funding. In the last election campaign it became an issue, a wedge, particularly in Quebec—the idea that the arts is the domain of the elite. How did you react to all that?

Jian Ghomeshi

Well, first of all, thank you for allowing me into the Toronto elite. For me the reason I wanted to invest time in Culture Days and do what I could is about self-identity, Canadians' self-identity. It is about being involved in an ongoing process, that is going to take some time and it's going to affect everybody. Reshaping, rebranding, based on reality, our self-identity as Canadians to include what we are fundamentally great at—culture, arts and creativity.

I really think this is a disproportionately artistic nation of people. We can get into all the reasons for that. Some people in this room have written about it. Maybe it's the outsider perspective that we have sitting to the north of a superpower. Whatever it is, we are a cultural people and an artistic people. We all latently know it, but we don't bring it to the fore. We don't talk about it. It's not the first answer when people self-identify what it is to be a Canadian. We usually talk about hockey or we say something about beer.

The Prime Minister made that comment during the election campaign. I don't want to get back to that whole issue, and maybe it was less interesting that he said that than the fact that a lot of people think that way, that arts funding is about a bunch of people at the Empire Club. We all know it's about so much more than that and that artistry and culture and creativity affect and involve people coast to coast to coast in so many different ways in this particularly artistic country. I mean, pick any genre. Pick literature or pick dance or pick music and I can tell you because I get to fortunately do it for a living about why Canadians are disproportionately succeeding on the international stage.

How do we reshape or rebrand ourselves so that what the Prime Minister said wouldn't just be annoying to the arts community, but would indeed be considered ludicrous because we know that arts culture is part of who we are. Can that be done in three mandated days a year with posters and celebrations at Yonge and Dundas Square? No. But can that be a start whereby we have the conversation, folks get involved, and we create the conditions where that can happen 364 days of the year as well? Yes. That's why I think Culture Days is imperative.

Seamus O'Regan

Good. Well done. We have got some phenomenal questions from the audience so I'm going to get right to those and I'll open it up to all of you to speak to this. It seems there are too many arts festivals now—Luminato, Nuit Blanche, Gallery Hop, etc. How is the public to differentiate between them and how can we make Culture Days more relevant to the public?

Antonio Cimolini

Well, it's a start up. We will shape it together as it grows. We, as a nation, will shape it together. In many ways it is different. For instance, those festivals take place sometimes in different large, urban centres. This is taking place in over 700 communities across the country, many of them quite small like the one you mentioned. So the events will be comprehensive. They will be inclusive in the sense that you get involved. You don't see a performance; you actually do the square dancing. You get to take part and draw the picture and do the graffiti or you're part of the street fair. So it's all about us.

So, I think over the next few years, we're going to find that this is tangibly different, materially different than just something where you go and watch a performance.

Seamus O'Regan

I know with Luminato, one of the most popular events that they do is usually around Yonge-Dundas Square where people can participate.

The next question, quickly... I'm going to ask Guillaume to speak to it first. What strategies have been used to avoid preaching to the converted, really reaching new audiences? What do they do in Quebec?

Guillaume Cote

Well, I think in Quebec, like I said, they really do see their identity as their culture and they really pride themselves into spreading that as much as possible. I can speak mostly for dance. I think it's all about making sure that it's accessible to everyone, it's done in a way that is reachable for young artists and also people who want to be educated in that field as well. There's the teaching and also a lot of workshops can be done and things like that.

Seamus O'Regan

You said something earlier that I found really interesting, and Newfoundland, where I'm from, is much like that. You said culture is identity. Certainly that's the way it is, I know, from my neck of the woods. It's very interesting you use that verb because so often we use other ones. Culture supports identity; culture reflects identity. How do we reach the point in the rest of the country where culture is identity?

Guillaume Cote

One of the weirdest things that I've come across, because I always hang out in the artistic community when I go to a different company somewhere, is that the first thing people say when I say I'm Canadian is either Cirque du Soleil or Margaret Atwood. They see us as artistic people. They see that there's huge potential for Canada to be extremely cultured as a country. Even though we think that they see us as hockey, I don't think that's an identity. I think it's a lot more of an identity when someone breaks into the scene, like Margaret Atwood did internationally. And I just think it portrays really well on Canada.

Antonio Cimolini

The drawer is not of water, but of pictures, the hewers of sculptures. What are you doing to get beyond the converted? A lot of this stuff is happening outdoors. It's not just an open doors thing, although you can do that. Go to Dundas Square today and there's a huge celebration being hosted by the CBC. It's going to be right across the country. It's going to be publicly promoted. It'll be like hockey days in Canada. Culture comes from the idea of preparing the ground. Well, it's more than that. Culture can be bacterial. It can grow in all sorts of places you least expect and it can be viral too. I don't think we could have got this organized 10 years ago in the way that we've been able to do it with the social networking.

Jian Ghomeshi

I don't want to take the wind at all out of the importance of resources and funding and support at all levels of government and society in general, but I just want to suggest that the question is not necessarily how to get more people writing in this country. How do we get more people doing artistic pursuits? What I'm suggesting is that Canadians are doing that stuff, but we don't think of ourselves that way necessarily. How is it possible that arts and culture can be seen as something for just a few elites at a gala or as something at a festival?

I appreciate questioning whether there are too many festivals, but that really shouldn't be an issue. Are there too many festivals for people? There are 35 million people. We can't handle two in one year? I don't want to sound like an ad copy guy, but there is something about reshaping the way we think of ourselves and this country. Culture isn't about 30 people at the arts club or something. It's inclusive and happening around us.

In the show on CBC tonight, I talked to a bunch of filmmakers, teenage filmmakers in Winnipeg, 14-year-old kids using new media to make the most amazing short films. No one is even telling them or teaching them to do this. It's just in their blood, in a little town just north of Winnipeg. That, to me, is part of our story in Canada.

Seamus O'Regan

Here is another great question. How do we get the performing arts back on television?

Karen Kain

All of the agreements with the various associations and unions were created in a different era, but we're still operating under them. They have now made it impossible for us to afford to do it or for CBC to be able to afford it or CTV or anybody. You can't afford to do it. Until we get ourselves into the present time and everybody sits down at the table and finds a way to make it work and the artists are still fairly paid, it won't happen. It's too expensive and it's really a terrible shame.

Because of Opus Arte, the Royal Ballet and the Royal Opera House are creating DVDs and having their work seen across Canada and everywhere in the world, but they had to start over with negotiations with their representatives. The artists had to stand up and say they didn't want the old rules; they needed new rules because it's a new world. They wanted to have their work seen internationally; they had to do this and they did it. It took a long time and there was a lot of resistance, but they've done it.

Antonio Cimolini

TV is not what it once was. I was in a broadcast of "Romeo and Juliet" forever ago and I think we had just over a million viewers, which at the time was really disappointing. Now getting a million viewers for anything is a bit of a happening. So with fragmentization of the audience, it's made for a different world and there are so many different platforms. We are going to get "The Tempest" November 6 in Cineplexes across the country and it will be playing on Bravo. It's still being done, but Karen's right, we've got to re-imagine this. Certainly the technology's helped. In the old days completely different lighting was needed to be able to capture a stage performance. Now it's much easier to do. But I think in fairness to the broadcasters in the room, and we want to be fair to the broadcasters in the room, we shouldn't expect that a stage performance is going to automatically be entertaining on television. It's a different medium. Sometimes you get something that's neither good stage art, nor is it good television. These things have to be thought out. We have to find an artistic way of doing it so that it is satisfying. That's something we do need to engage in because there are a lot of kids out there playing with the Internet interested in this and we probably need to get them engaged in art and creation and in very different ways. It may not be a whole set performance. It may be just parts of it that they get to interact with somehow.

Seamus O'Regan

Speaking of kids, here is another great question too. With the reduction in culture-focused school field trips, especially in the 1990s, what efforts should, can, are being enacted to broaden the contact of children in public and separate schools with the diversity of Canadian arts and culture, preferably experiential contact?

Antonio Cimolini

That's a great question. Well, I think we just answered in silence. Nothing's happening or very little is happening. A criminally small amount of work is happening with that.

Karen Kain

We all do the best we can with the sponsorship that we have. I have an apprentice group who perform for schools that are bussed in. They do 40, 50 performances a year. I have a group that still goes into schools. I did this as a young dancer. I went into high school auditoriums and did lecture demonstrations and sat and spoke to students all over this country and we continue to do that as best we can with the resources we have.

Antonio Cimolini

At the festival we spend just under $2 million on activities that get our artists into schools to support teachers and that's on about a $60-million budget. We receive no support for this. We're very grateful for the Ontario Arts Council grant and we're very grateful for the Canada Council grant, which combined amounts to about 4 per cent of the budget. This change today is going to make a significant difference. We'd also like to invite educators across the country to join the Ministry of Culture and bring arts into the schools because we all know intuitively it makes an enormous difference to the development of a child if he can express himself.

Seamus O'Regan

Do we have Jarvis Collegiate in the house? Are there Jarvis Collegiate students here? I've got a question. Where are you? Stand up. I think it's great you're here. Thank you very much. They have a question. It was mentioned that the arts will be made more accessible to youth in the future. What is being done about that now and what will be done in the future?

Antonio Cimolini

How do we make the arts accessible to young people?

Karen Kain

Well, we have special prices for young people. We have programming. We're about to do a ballet to music, orchestrated music of the White Stripes.

Seamus O'Regan

Really?

Karen Kain

Yes. If you're between 16 and 29, you can come for a $25–30 ticket for any seats that are available at the Four Seasons Centre on the day of. That's the best we can do and still meet our budget.

Guillaume Cote

I feel there's still so much potential. There's still so much potential to bring the arts to our generation with tools like Facebook and MySpace or whatever you want. The Internet is usually the way to the youth right now. I think we're doing a great job with the National Ballet with the Web site and the video. It's really a great way for the youth to sort of get a little bit of a sampler. But we're talking about getting it back on television. I think that's essential and I think that would be absolutely wonderful even in a time when big companies are thinking less and less about making commercials for television and thinking more and more about making user-interactive Facebook pages. The arts may want to go in that direction. I think that would be a really great way for young people to get more involved and even interactive with something as alienating as ballet can be to some youth.

Seamus O'Regan

When I look at my television watching habits, my television and my PVR now are basically a hard drive and a monitor. That's all. I think soon there are going to be a series of monitors in your house and the Internet is just going to weave through all of them.

Jian Ghomeshi

I know this is contentious to a certain extent, but I think we have to get over our fear. Antonio used the word cross-pollination. We have to get over our fear of fusing and exploring pop culture and so-called high art together. I don't see any good coming out of separating arts into strata of what's worthy and what's not worthy, and what's for young people and what's for old people. I think there are examples where the doors are flung open as gateways into more exploration of the arts when there is that cross-pollination. An example is what Karen did with "West Side Story" and the ballet or the Toronto International Film Festival that isn't afraid to mix art house films with popular Hollywood fare and fling the doors open to everybody.

To be madly self-referential, we created a show called Q. Now it seems normal because we've got a show that's doing really well, but we started the show with the premise that we're going to mix so-called high arts with pop culture and we're going to go from an interview with an author or an intra-ballet debate to a punk band playing. You know what? People are into it. More people than ever are listening to the show and watching it on YouTube and getting the Podcast and watching it on Bold Television.

Somehow, older people and younger people aren't afraid to sit through what they're not supposed to like. In other words, they're not sitting there thinking they are not a pop culture person or into literature. My dad will say—he's my dad so of course he watches the show—that he really likes Alexisonfire. They are great. Alexisonfire is like a post-punk band. My dad's an octogenarian Persian man. He's open to it if it's presented to him in a suitable manner.

Antonio Cimolini

That's one of the great things about Culture Days. It enables people to go and ask any questions they want.

Seamus O'Regan

And experiment.

Antonio Cimolini

And try it out. One of the most exciting things is happening at Stratford right now. A couple of years ago David Johnston from the University of Waterloo, who unfortunately had to come off our Board of Governors for some reason, came to me and said, "Listen, we want to open up a digital media school in Stratford." I think that's one of the most exciting things that happened to us. There will be a thousand young people who are going to be playing with all sorts of different ways of experimenting and enjoying art. We are, on October 1, going to be announcing a very exciting contest.

Seamus O'Regan

Can I ask a question of you, Karen? I'm just curious because I know three of the biggest shows on television right now are "So You Think You Can Dance," "You Think You Can Dance Canada," and "Dancing with the Stars." They've become runaway successes and there are variations in the U.K. They're very, very strong here. Has there been any spill-over effect? Have kids looked at that, because there are so many people, particularly in "So You

Think You Can Dance," who are trained in ballet? Has there been any sort of interest?

Karen Kain

I like to think that it's a really good thing for all of us to democratize something that people might be afraid of. I admit I watch them sometimes, and I'm actually going to be a guest judge on "So You Think You Can Dance." I was last year and I'm going back in a few weeks so I'm watching the progress of some of these dancers and there are a lot of really good ones this year. There's a lot of talent in this country. I have to think that it's good for us. They see behind the scenes, they see how hard it is, they understand the complexity of learning routines and trying to get your brain to make your body do the things that it doesn't want to do.

Seamus O'Regan

On some level they get to know these kids and they realize these are human beings who love what they do, and who have made a conscious decision to work really, really hard.

Karen Kain

There's a huge passion, determination. You start to care about them and you start to see how human they are. Those ethereal creatures that they sometimes cannot relate to on stage in certain works are actually flesh and blood that have spent their lives trying to prepare to create that illusion for you. A big toll is taken from those people, but they do it because they're devoted to it. I think all of that actually comes through on a level that more people can understand and so I'm actually really happy that those shows are doing so well. I can't tell if it's translating into ticket sales.

Seamus O'Regan

I was thinking of kids coming forward to the National Ballet School. Are more and more people considering that as an option?

Karen Kain

Absolutely. I think it's all good. I really do think it's good.

Seamus O'Regan

It's perfect. Just to get back to what Jian was saying, that is an example of getting rid of that distinction between high art and popular art.

Jian Ghomeshi

Or Glee.

Karen Kain

Glee is fantastic.

Seamus O'Regan

Guillaume, do you watch "So You Think You Can Dance"? Have you ever seen it?

Guillaume Cote

Sometimes. Sometimes I watch a little bit of it and it's wonderful to see people who may not have had all the opportunities that I've had in training and so on and just going for it and going for their dream and passion and seeing that there are so many people who have that desire, that subconscious desire to be a dancer and to want to do that for a living, because it is the most enthralling experience when you're dancing on stage. It's really great to watch those dancers. Of course you have some not as good and some better ones, but I love the show and I love that my whole family always asks me if I'm going to be on "So You Think You Can Dance." I say, "No, not this year."

Seamus O'Regan

I know one of the guest judges. I could put in a good word.

Guillaume Cote

It's really a great way for people to think it's cool. I think it will bleed over and I think in one or two generations people will start coming to the ballet.

Seamus O'Regan

Some friends of mine are music teachers who say music is a lot more accessible now. It's seen in a different light because of the show, "Glee."

Although large events such as TIFF are wonderful, one criticism is that they exclude the very people that they intend to help due to the involvement of large corporate sponsors and the inherent bias this brings. How can we prevent this? Is that your experience, first of all?

Jian Ghomeshi

Cancel all sponsorships.

Seamus O'Regan

Thank you Sun Life.

Antonio Cimolini

I'll tell you our experience, which is that Tom Bogart, who heads up our corporate champions and is, of course with Sun Life and Linda McKenzie and Michele Leduc have been fantastic. They were very interested in having Sun Life be directly involved with the events. So in communities across the country, they're going to be there and their vision of this is very, very grassroots. They were there at the darkest hours, those moments when today seemed to be impossible. So I don't think that's true. If you think of it rationally, it's a corporation's best interest to drive this right to the doorstep of everybody who consumes, of every Canadian.

Jian Ghomeshi

I don't totally understand the question, actually. Who is being excluded? I'd love to hear from that person. Is it okay to out people? I think it's an interesting question, but I don't know what doors are being closed because of sponsors of something like TIFF.

Seamus O'Regan

I've never felt a bias, per se. I don't know if the author believes that corporate sponsors are telling you to act or do something in a certain way and that has never been my experience, but I don't know if it's ever been yours.

Antonio Cimolini

No, if anything, we need much more corporate sponsorship in this country. So I applaud the corporations that are doing it. Listen, it spreads out the load in terms of funding. I have just come back from London and talked to my counterparts there. They're going to have cuts and they're going to have significant cuts. If you're the Royal Shakespeare Company, which gets half of its budget from government and there's a cut, you stay up at nights.

Seamus O'Regan

They're getting rid of the entire Film Board.

Antonio Cimolini

So, we need more corporate sponsorship.

Seamus O'Regan

Indeed. Here is one last question. I'm interested in the concept of Canadians as a creative people. Will this festival explore creativity or will it draw the line at the performing arts or other mainstream creative endeavours?

Karen Kain

It's interactive, as far as I know. People can try dance, for instance. I know that we are live streaming a master class with Rex Harrington from coast to coast and as far north as Yellowknife into ballet schools and people's living rooms and people can take a master class with Rex Harrington across this entire country. In the ballet school, you can watch a class if you're interested or you can actually partake as an adult. It won't be anything that anybody can't do. They can just have fun and understand it a bit more. That's what I know in dance. It's interactive. It's trying it out.

Antonio Cimolini

That's great. And there are all sorts of events where you can learn how to create wonderful graffiti. There are all sorts of things that are out there and it will grow, but it's really incumbent upon us to take part. Everybody was fantastic to come today.

Jian Ghomeshi

Antonio said earlier that this is the first year and to take nothing away from everybody who has worked so hard to put this together, this is a work in progress. In a sense, there shouldn't be a definitive answer to what is Culture Days because it needs to come out of what happens across the country in the next three days and it needs to be seen. I'm hoping it is something that is going to continue. We are doing this together and we will see where we can take this.

Seamus O'Regan

I'm going to give each of you an opportunity to say a few final words or something that we have missed.

Guillaume Cote

I just want to say that even though what I do for a living may be considered elitist, for an elitist crowd or so on, classical ballet, I'd like to say that I consider myself a country boy along with all my family as well and people from my region. The wonderful thing that culture has had in Quebec, I think, is that everyone considers culture something that they truly treasure in their lives and not something that these people are doing and I'm doing my own thing and we're completely separate. All this to say that I think that Culture Days will only help this image that culture is actually the desire to keep that imagination going and that the world can just be a fantastic place for everyone. It doesn't need to be a nine to five; it can be creative. I hope that these Culture Days develop in such a way, that everyone can find a little bit of creativity in their lives.

Antonio Cimolini

I want to add to that because I find something really abhorrent about this notion of elitism. I didn't speak English when I was a kid. Italian was my first language. I'm now running a Shakespeare Festival. It changed my life. There are so many people in this country who have yet to discover all sorts of wonderful things that could be theirs, but many, many have. The doors are not barred. The doors are open. This stuff is our birthright. When you walk into a museum, don't you feel immensely wealthy? It's not because you're taking home any money; it's just that we are part of something that's amazing.

Seamus O'Regan

Here, here.

Antonio Cimolini

That is something that we cannot allow anyone to take away from us. It's ours. I want to say some thank yous to the people who helped us. Can everybody involved in the Steering Committee stand up? There are many more.

There are many, many more right across the country and Piers and Peter Herrndorf were also really involved in this years ago. I want to thank the Ontario Arts Council for helping us out on this. Ontario's really got a head start nationally and it's because of the spadework that they did.

We thank the Ministry of Culture and Tourism for their support. The Minister was to be here today, but unfortunately lost his mom yesterday. He would have been here with us today otherwise. I want to thank the CBC because it not only came to the table but it transformed this.

Kristen, we had some fantastic brainstorming sessions and it really evolved and changed. I want to thank the Globe and Mail for being our national media and newspaper sponsor. I'm forgetting people. Janice, who am I forgetting? And the Banff Centre who is just terrific. They were our bankers through this and in those days when the money wasn't coming in had nerves of steel.

The federal government has just recently given us $1.4 million for marketing this. After all, we're not creating events; we're just really a marketing campaign to point out what's happening. So God love them for the support. It's been very important.

Karen Kain

I can't add anything more to what everyone said except that Antonio has been a real champion for this and I want to thank him for that.

Seamus O'Regan

I want to thank Michael Levine. I know normally his strings are invisible, but I think they're very visible and evident today. Thank you for coordinating this and helping put it together.

Antonio Cimolini

There's one last group, I'm sorry. The Canadian Arts Summit was a leader in this. This is a group of arts organizations across the country and they really put their shoulders to the wheel on this. Julia Foster was the Chair of that organization during the time that this was growing, and was indispensable. Thank you, Julia. Thank you all for coming out.

Seamus O'Regan

I want to thank our panel. I want to thank most importantly our audience and the incredible and intelligent and incisive questions that you fielded us. I didn't get to all of them, but I really, really want to thank you for that. You contributed 110 per cent to use a TSN analogy. Thank you.

The appreciation of the meeting was expressed by Michael Levine, Partner, Goodmans LLP, Publisher, and Director, The Empire Club of Canada.

September 28, 2010

Rob Ford

Toronto Mayoral Candidate 2010

BRINGING ACCOUNTABILITY TO CITY HALL

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Verity Craig, Founder and Managing Director, CV Management, and Director, The Empire Club of Canada; Walter Simone, Past President, Canadian Italian Business and Professional Association; John Koopman, Partner, Spencer Stuart, and Director, The Empire Club of Canada; Rev. Chris Miller, Minister, Oriole York Mills United Church; Jeff Thomas, Graduate, School4Civics, Maytree Foundation; and C.S. Leung, Founding President, Richmond Hill Chinese Business Association.

Introduction by Tim Reid

It is now my absolute pleasure to introduce Rob Ford this morning.

Rob is the third mayoral candidate that the Empire Club has had the honour of hosting during this long mayoral campaign.

Rob Ford is a lifelong resident of Toronto; he is a businessman and has been a proud city councillor of Ward 2 in North Etobicoke for over 10 years.

Throughout the last 10 years, Rob Ford has had a relentless focus on ensuring transparency and accountability in public spending and for making sure tax dollars are not wasted.

Rob is also passionate about youth and youth engagement, creating the Eagles football programme at Don Bosco Catholic Secondary School in North Etobicoke and establishing the Rob Ford Football Foundation. The foundation has given more than $100,000 to high schools across Toronto to purchase equipment and establish football programmes.

Finally, Rob Ford is a businessman building a family business into a multi-million-dollar North American enterprise that now employs over 200 people with locations in Etobicoke, Chicago and New Jersey.

According to some of the latest polls, Rob Ford is also the man to beat in the current mayoral campaign.

Nanos Research poll of last week has indicated that Mr. Ford has the backing of 45.8 per cent of decided voters, far ahead of the next mayoral contender George Smitherman who has the support of 21.3 per cent.

His campaign's main tagline, "Respect for Taxpayers," has very clearly resonated with the Toronto public.

Last night Mr. Ford released his fiscal plan for Toronto, which he has aptly named Rob Ford's Saving Our City Plan. I know we are all looking forward to hearing the details this afternoon and so without further adieu, please join me in welcoming Rob Ford to the podium.

Rob Ford

Ladies and gentlemen, we are building a coalition of voters. This coalition of voters crosses party lines. It includes older voters and younger voters. It includes people from all walks of life, from every part of this great city. For so many people, this election comes down to one issue: respect for taxpayers.

For 10 years I've been listening. For 10 years I've been working hard to answer every phone call and every e-mail. For 10 years I've been serving you, the taxpayer. I've returned every phone call—over 200,000 phone calls. I have visited every house that needs a solution to a problem—over 10,000 home visits. Everyone knows my record as a councillor for Etobicoke North. If I have the privilege of serving this great city as your mayor, I'll bring that same work ethic that I demonstrate as a councillor to the mayor's office.

As your mayor, I will set that standard for customers' service and I will ensure the city's 50,000 employees will follow. Your calls will be answered. Your e-mails will get a reply guaranteed.

You and I know that this city has a number of issues facing it today. But all of these issues boil down to one. There is no respect for the taxpayer. Many people are upset about the enormous waste of hundreds of millions of dollars while their taxes go up, up and up. At the end of the day, the taxpayer is the customer. The taxpayer pays the bills. The taxpayer is the boss. We will make respect for taxpayers a core value at City Hall. I take that exact same approach in business. My father told me, "Son, there are two rules in business. The first rule is the customer is always right. The second rule is re-read the first rule—the customer is always right." Well, in this case, you are the customer. The taxpayer is the customer.

You all know the first part of my plan. I will reduce Council from 44 to 22 and save taxpayers $15 million. We've already had a vote a year and a half ago on that and I got 14 votes, so it can be done. I want to use these savings to hire more police officers, 100 to be exact. We have 30 officers in the high schools. My assistant football coach, Oral Sybblis, is a police officer who works with kids. It improves the relationship with the teenagers of this city immensely.

I will abolish the Land Transfer Tax. I will abolish the $60 Vehicle Registration Tax. I will make TTC an essential service to avoid any future transit strikes and I will get competitive bids for garbage service and save the taxpayers at least $15–20 million a year. In Etobicoke, as you know, we have private garbage collection and thanks to Doug Holliday, we haven't had a strike for 20 years and we are not going to have another 40-day garbage strike like we did last year if I'm fortunate enough to be your mayor.

The second part of my plan is a taxpayer-protection plan. I will reduce the allowances paid to politicians. I will reduce the mayor's office budget by $500,000 and that's only 20 per cent. Mel Lastman did it; there's no reason why Rob Ford can't do it. I'll reduce the councillors' so-called expense accounts, the so-called office budget that you hear about, from $50,000 to $30,000 and I will set spending limits and guidelines for what is appropriate use of those funds. I'm sorry but the $12,000 goodbye parties for councillors and their friends will not be allowed any more. I will publish all city spending online. It's your money; you have the right to know where your money's being spent. This includes all city purchases, including those made with the city's 1,254 MasterCards. I'll ensure that all city purchasing is open, transparent and competitive.

Too many contracts are negotiated in the back rooms of City Hall behind closed doors. This leaves many businesses unable to compete for city contracts. It means that you, as a taxpayer, don't know if you're getting good value for your money. As mayor, all purchasing opportunities will be published. All major purchases will be done by a competitive bid. I will also enact a new by-law to protect whistle blowers. I'm the only candidate that will ensure all votes are recorded. There will be no more hiding and no more ducking the vote. Every vote will be recorded. I'm the only candidate that is serious about tackling the over $3-billion debt that we have.

Last night we released our plan to reduce the size and cost of government. The two key planks of this plan will save the city $2.8 billion over four years.

First, we will reduce the size of government. The City of Toronto and its various agency boards and commissions and corporations employ about 50,000 people. Despite the so-called hiring freezes, this number continues to grow. We will reduce the number of employees through managed attrition. Current attrition rates average 6 per cent each year. The city will target an annual staff reduction equal to half of the attrition rate. This will reduce the size of government by about 3 per cent each year for the next four years. This approach will allow the city to continue targeted hiring to fill key jobs. While reducing the overall number of city employees, the city will save about $1.1 billion over four years.

Second, we will reduce the cost of government. In 2000, Toronto's combined operating and capital budget was $6.9 billion. In 2010, our budget is $11.6 billion. Much of this growth is simply wasteful spending that comes from poor purchasing practices and ineffective management. The city will target a very modest and achievable reduction in its operating budget—2.5 per cent in the first year, 2 per cent in the second year, 1.5 per cent in the third year and zero reduction in the fourth year. Ladies and gentlemen, that is very, very modest compared to what the private sector has to do every year. This will save about $1.7 billion over four years.

Ladies and gentlemen, it's time to stop the gravy train that feeds an industry of lobbyists and consultants from the bloated department budgets. It's time to refocus city government on doing its job efficiently. It's time to refocus city government on doing its job efficiently and effectively while respecting the taxpayers of Toronto.

On my watch, the David Miller era of tax, tax, tax and spend, spend, spend, will come to an end. The culture of entitlement will be over. The party with your money at City Hall is finished. As your mayor, I will respect the taxpayer.

In closing, I want to thank you from the bottom of my heart for all your support over the last seven months. Many people have donated their time as volunteers. Many people have made generous donations to my campaign. I can't do this alone, but we will do this together. Please talk to your neighbours, talk to your friends, to your families and ask them one question and then follow it up with a couple more. Who do you trust to protect your hard-earned dollars at City Hall? Who do you trust to watch their back at City Hall? Who is the only candidate that is tough enough to get the job done? Ladies and gentlemen, with your help, Toronto will be the best place to work, play and live. The polls open up on Tuesday, October the 5th. Next Tuesday you can start to vote. I ask for your support as mayor and I thank you very much.

Question

Where do you stand on the Pan Am Games, 2015, and Pan Pan Games at the same time?

Answer

Well, I didn't support it at the beginning, but it's here. I didn't think our city was in good enough financial shape. It actually isn't, but you know what? We have it and I will guarantee I'll make the city the cleanest city to welcome the rest of the world. In the next four years, that's what we're going to be aiming for. The 2000 games will be here in 2015 and I will guarantee that we'll be spotless. We're going to welcome the rest of the world and show them how great this city is.

Question

You talked of free, competitive procurement. Does this extend to competitive suppliers in other provinces and other countries?

Answer

Absolutely. I want to get the best value for your tax dollar. I'm the first one to protect Canadian jobs first and foremost. I'm going to give you an example. The largest purchase in Toronto's history was $750 million for subway cars. You would think you'd get a competitive bid; you'd go out for a tender and you'd get at least three to four quotes. It's the largest purchase. There are many suppliers for subway cars, as you know. We did not. We sole-sourced it to Bombardier. I have nothing against

Bombardier; it is an excellent company; it's the process that I have a problem with.

The Vice-President of Siemens came into my office very upset saying, "Rob, why can't we bid on this job? I have the specs. We can do this for $550 million." I said, "I agree." I went in to see the mayor. I'm very fortunate. My office is right beside the mayor's office and I walked out one door into another door and said, "Mr. Mayor, can you explain why we're sole-sourcing this?" He said, "To protect Canadian jobs." I said, "Yes, I realize that. It's very important and as a business owner employing over 200 people, I understand that, but at a cost of $200 million?"

I can justify a few thousand dollars to protect Canadian jobs. But $200 million when we're $3 billion in debt? We've had tax increases, depending on what the assessment of your house is between 3 per cent and 5 per cent every year. Water rates have gone up 20 per cent. You're paying a five-cent bag tax, a $60 car registration tax, a land transfer tax, a garbage tax, but you're going out and sole-sourcing and squandering $200 million. I'm sorry. As mayor, I'm going to get competitive bids.

Question

If you were elected mayor, how would you manage an aftermath of an urban disaster such as what happened on Wellesley Street on Friday night, so that the needs of the victims are met while at the same time you stay within the budget?

Answer

Well, I've always said we need an emergency relief fund. I've said that from the first day I walked into City Hall 10 years ago. But what I'll do as mayor is what I did as a councillor a few days ago. The first thing we did was to call a few customers and call a few friends. We said, "We need help; do you mind donating diapers, baby formula, food, all sorts of stuff?" The private sector came through. Deco, our company, donated thousands of dollars' worth of goods. I know other companies and other people donated money. So with my business experience, I will lean on the private sector. We have to have an emergency relief fund for these disasters. I will guarantee we will have a relief fund within my first year.

Question

Montreal was voted one of the best bicycle cities in North America. Many people, students especially, cannot afford to pay for a Metropass. What will you do to make Toronto more bike-friendly?

Answer

Well, what I believe in is bike lanes. It really depends on the neighbourhood. Out in Etobicoke, I mention bike lanes and people say they don't want bike lanes. Fair enough, but I can understand why people want bike lanes downtown. Everything is so close, they can jump on their bike and go from point A to point B. But it seems that out in the suburbs, out in Scarborough and North York and Etobicoke, people really depend on their car. I personally don't think there's anything wrong with having a car. I want to put an end to the war on the car. After thorough consultation with the local neighbourhood, we'll decide if we're going to have bike lanes, but one hat does not fit all for bike lanes in this city. I'm not going to force bike lanes in the backyard of people in Scarborough or North York or Etobicoke when they don't want them. If people want them downtown, we'll have them downtown, but I'm not going to have them right across the city.

Question

If you reduce the number of councillors to 22, there will be fewer services to constituents. If you also reduce their office expenses, that too will mean reduced service to constituents. How will these measures allow constituents to be properly serviced?

Answer

Well, I beg to differ with that comment that there will be fewer services. When we had 106 councillors with seven municipalities in Metro Council and then we reduced them to 57, everyone said that the sky was falling in and we were not going to survive. And then things worked out well. Then we reduced it from 57 to 44. You should have heard the cries at Council. Again, it was like the world was coming to an end. Ladies and gentlemen, we can do it with 22.

I saw my father work very hard during his term from 1995 to 1999. If the MPs, our federal representatives, our MPPs and our school trustees can do it, there's no reason why city councillors can't do it. If you return people's phone calls like I have, if you respond to their e-mails and you go right to their front doors to serve them, you can do it. I've been doing it. I have been in every single ward, much to some of my councillors' chagrin, to take care of people. There's no need to have 44 councillors, ladies and gentlemen; 22 will do and I plan on implementing that in the third year of my mandate. Let's have a streamlined, efficient government. We're the only level of government that has all this duplication and waste.

Now we have 3-1-1. Last time I checked we were 3-1-1. Councillors are 3-1-1. If you need something done, you call your councillor. With 3-1-1 that's all the more reason that we don't need 22 extra councillors.

Question

I would like to know if Mr. Ford feels that a $3.5-million flagpole up in the middle of nowhere land, Emery Village, Finch and Weston area, is a waste of money. If yes, then what would he do with the flagpole?

Answer

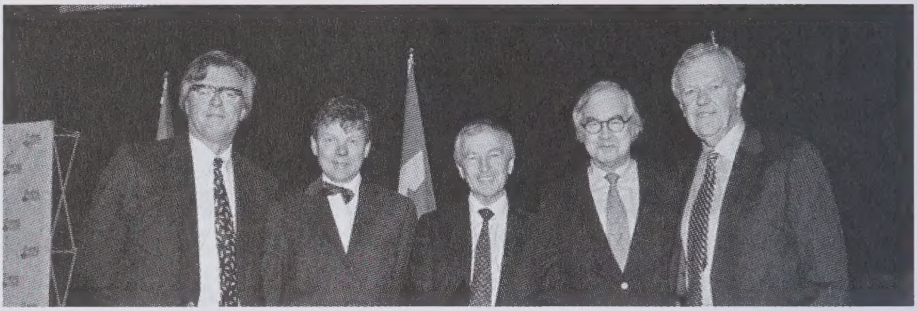
If the taxpayers are paying for it, I don't support it. From the last report I found that the private sector was going to pay for it. I'm open to having reports come to

Council. Somebody said, "Well, Rob, you supported an increase in the arts funding." I said, "No, I didn't support it; I supported a report looking at it." I'm open-minded enough to look at the flagpole. If the private sector wants it and the people in Emery Village want it and they want to pay for it, I support them. I don't support squandering hard-earned tax dollars, but having a closed mind is not the way I'm going to run the city, ladies and gentlemen. If you ask for something, I'm going to ask staff to give me a report for discussion and debate. To close the door before even looking at the pros and cons of any project is absolutely wrong. We're going to have a report and you will be allowed to speak at Council.

Right now you're not allowed to speak to all 44 councillors. You're allowed to speak at Community Council, you're allowed to speak at your committee, but you're not allowed to speak to all 44 councillors. I think that's wrong because many, many times people come up to me and ask to speak to all 44. You're the boss, ladies and gentlemen. I will always remember that. And you should be able to come and speak to all 44 councillors.

Thank you.

The appreciation of the meeting was expressed by John Koopman, Partner, Spencer Stuart, and Director, The Empire Club of Canada.



October 14, 2010

Doug Knight, Moderator

President, St Joseph Media, and Former Publisher and CEO, The Financial Post and the Toronto Sun

Gordon Fisher

President, National Post, and Executive Vice-President, Eastern Canada Postmedia Network Inc.

John Cruickshank

Publisher, The Toronto Star

Philip Crawley

Publisher, The Globe and Mail

FUTURE OF MEDIA PANEL

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Margaret Wente, Columnist, The Globe and Mail; Craig Brown, Partner, Fasken Martineau DuMoulin LLP, and Director, The Empire Club of Canada; Rev. Canon Philip Hobson, Reverend, St. Martin-in-the-Fields Anglican Church; Robin Sears, Senior Partner, Navigator

Ltd., and Director, The Empire Club of Canada; The Hon. Pamela D. Wallin, Senator, Saskatchewan; and John Macfarlane, Editor and Co-Publisher, The Walrus, and Chair, The Canadian Journalism Foundation.

Introduction by Tim Reid

The Empire Club is delighted to be presenting today's timely discussion on the future of media. The world is moving at a million miles a minute and the only constant is change.

How people learn, find, and share information and dialogue, think and interact has changed. The Internet—a creative disruption and invention like the printing press—has completely transformed our world. We don't know yet where it all will settle but luckily we have a stellar panel of professionals with us today who have been in the print/media industry for a long time and who are each leading a prominent publication—The Toronto Star, The National Post, and The Globe and Mail. They have set out very specifically on a different road that they believe will best serve Canadians and indeed the world.

I will now ask Doug Knight and our panelists today to take the stage and speak to us about the great leap they have made into the future and what it will look like.

Doug Knight

We're clearly in a period of disruptive technology. A lot has been happening. Canada, as I say, has not been as disrupted as much as the United States. Just to give you a sense of that, in the last five years newspaper revenue in the United States has gone down 46 per cent, but it has gone down 27 per cent in Canada. Those are big numbers. There is a lot to deal with. The history of disruption in media is not that people die or disappear, but they do have to change and change dramatically.

So, I think the first question, and I'm going to lob this to all of you, is we need a new business model. Print is not dead, but must change. So the question, Phil—let's start with you— is where is the money?

Philip Crawley

Well, the money still is largely in print. The Globe's print ad revenue in September just closed. The month just closed was 20 per cent up on last year. I think the Star also had a very good month. So the money is still in print for those newspapers that are able to take advantage of it, and that's not all of them; there are still a lot of newspapers, particularly in the U.S., which are labouring under the ownership of effectively bankrupt companies. Hedge funds or whatever own a big chunk of newspapers in the U.S. and that's not a healthy situation. For those papers that are in a good ownership position, I think the outlook at the moment is pretty good. Digital revenue is growing very quickly. Online ad revenue had a very healthy growth over a year ago and has had for a number of years, but the speed of change in this era is such that everybody is struggling to come up with the right business model. There is no exact script for this. Everybody is watching around the world what other people are doing and seeing what to learn from them. There are very different business models being applied in different places. But for the moment, print remains a very powerful source of revenue and we're just entering the busiest period of the year in the newspaper cycle and it'll run up to Christmas, so this is a critical period.

Doug Knight

Thank you. John, just to follow up with that question, we're chasing the money just now. Over the last five years, newspapers in Canada have seen something close to $1 billion disappear. Internet revenues have grown by about $100 million, so with $1 billion gone and $100 million of new revenue, plus or minus, how does that equation work?

John Cruickshank

Where did the other money go?

Doug Knight

Where does the money come from, where does it go and what does that mean for you?

John Cruickshank

I think the numbers are kind of distorted by where we are in the economic cycle and just how far down the economic cycle was. What I want to say, though, in following Philip, is—and we have to remind ourselves of this every day—we are in the greatest media renaissance in the history of humanity. This is an extraordinary time. Consider the hands of all the people who got their news today both from newspaper and from the net. They checked the net before they came. They wanted to find out why it was that in the centre of the financial district, the heart of the financial district of Canada, nobody was allowed to walk up the stairs and do their job. Well, they can find out on the Internet if they go to the Star or they go to the Globe or they go to the National Post. There are opportunities today that were never available before. This is an extraordinary time.

There is a business problem and it is about disruption. It's a disruption in a couple of different ways and it's important to tease them out. One element of the disruption is the disappearance of younger audiences. What's fascinating about that is it's not a recent phenomenon. It's been going on for decades. It got masked by the fact that our cities were growing so quickly. Younger people, younger cohorts, are falling away from newspapers and finding news in other ways or worse yet, are less interested in news than in the past. One of the issues is the audience. How do we maintain those audiences? How do we create them? How do we engage them in the social project that is so much part of the importance of why we're here?

The second issue and the second disruption and the one that was hammered to us during this period when $1 billion disappeared is, of course, the disruption of our advertising revenues. That's when folks who in fact won't invest in creating great journalism, the online classified folks, took all of that classified revenue away because they provided a superior advertising service. That's created the need for dramatic restructuring in our industry. I think you've begun to see it, but again I couldn't agree more with Philip, the folks who haven't been able to adjust have been those who have had a management structure or a debt structure that hasn't allowed them to invest and change and grow with the changing times, but there's huge opportunities now and for a news consumer, it hasn't been a better day, ever.

Doug Knight

It is an exciting time. Let's follow up on exactly your last point, Gordon. In addition to running with a new company, Postmedia, with some of the most amazing newspaper franchises in the country, the old Southam dailies, extraordinary dailies, you also have the National Post. You're 12 years in. The National Post has never made money. You have a brand new company. You've got exactly the kind of constraints that I think John's talking about. From an investment point of view, what's the strategy for the National Post to chase money and find money?

Gordon Fisher

Well, I'm going to address the whole company, not just the National Post. The first thing that I would like to say is that you stole my line about the old white guys; I was going to use that. Thank you for that. The other thing I will say is that the reason everybody here subscribes and reads is that I think most of them work for us. Thank you folks.

The money is still in the print side. Philip is right about that. I think what people don't understand and recognize is that I don't like to call it the newspaper business any more. The business we're in and the properties that we own make an enormous amount of money, and make returns that are the envy of most businesses. They will continue to do that for a long, long time. But the money is increasingly in the digital universe. I read something this morning—I think it was an American number—that $21 billion of revenue flowed to digital properties in the last 10 months, or last six months, whatever it was; 46 per cent of that was in search, 36 per cent of that was in display advertising, which everybody says doesn't work digitally. Well, somebody's putting a lot of dollars against it. So the future is in digital. The money in the future will be in digital. Our challenge is going to be how do we transition from these really rich, productive, ongoing properties, historic in nature.

The titles that we own have an average age of 123 years. The National Post specifically—Doug, you will know this well—is a relative newcomer; it's 12 years old. But one of its brands, the Financial Post, is well over 100 years old and has enormous credibility. The National Post will close out this year—I can't give you the exact number—by losing a very small amount of money, but is a cash-positive contributor to the overall company.

The investors, who bought and launched Postmedia Network under Paul Godfrey, insisted that the National Post had to be part of the deal. We were outside the group. They brought us in so that could be accomplished. Together, we will make money next year. It's a certainty that the National Post will be profitable next year.

The future is—I'm with John—enormously optimistic. I'll just close on this. What we have to do is not so much lead, but follow. Where's the audience? Where's the audience going and how do we serve that audience? We're pretty good at that, actually, all of us around this table. None of us are suffering from readership decline. Most of us are experiencing fantastic phenomenal readership growth when you look at what's happening with our digital properties. The stories are very, very positive and we'll find the money.

Doug Knight

Let's pick up on that and I'll go back to you, Phil, and talk about readership for a minute because the other big story beyond the Internet is media fragmentation. We've gone from 10 television channels to 910 television channels. We've gone from a couple of thousand magazines to 10,000 magazines and so on. Media fragmentation really is a huge underlying theme here and that's affected everyone's audiences.

When we look at newspaper readership maybe six or seven out of 10 Canadians will have read a newspaper during the course of the week. Yesterday maybe only 35 per cent of Canadians and 26 per cent of Americans read the newspaper. That is a very, very big change from not that long ago when virtually every household would be expected to have a newspaper and everyone would read a newspaper.

So we've got media fragmentation and smaller yesterday readership going on and John made the point that we have fewer younger readers and that this was a long-time trend. Those numbers can be quite alarming. The Pew Research Center in America says that only 8 per cent of people under 30 read a newspaper yesterday. The numbers are slightly better in Canada. It might be 17, 18, 19 per cent. So my question is, should we care about that?

Population statistics are interesting. Over the next few years, the population from the ages of 20 to 49 is only expected to grow 1 per cent. Population aged 50 plus is expected to grow 40 per cent. Do we care about losing the younger reader of newspapers? Is that an issue?

Philip Crawley

Well, for the Globe it's not the most burning issue because we have a target audience that is not young people. They don't have money to spend, to be blunt. The people we want are the very well educated, the very affluent and we're somewhat selective and somewhat elitist about the audience we pursue. We make no bones about that.

The fact that there are a lot of new media platforms becoming available is an opportunity for all of us. We're all studying what people are using the iPad for. Last week, in Germany, there was a conference where 260 people from 40 different countries around the world spent a day talking about what the iPad meant for the newspaper industry. It's a great way of turning pages and reading content, but the question of the conference was whether it was just a toy or a tool. Is it something that people are really going to use in a business sense or are most of those apps that are being downloaded being used to play games with? So when we choose to make our bets, we will put our money on whichever horse we think is going to win. We're studying just who's in the race and which one is worth the investment. There are many options in the new media space and choosing the right one is the critical part of it.

Doug Knight

Picking up from that, John, the Globe and Mail is unapologetically going after an elite audience and it's defined in a very particular way where age may or may not be the biggest determinant. But the Toronto Star is the largest daily newspaper in the country. It serves a large and diverse community, a million readers a day.

John Cruickshank

A million two.

Doug Knight

How important are the demographics? How important are the demographics to you? We're a city now, which is changing dramatically. How important are demographics in how you follow readership for the Toronto Star?

John Cruickshank

I pay almost no attention, but I can tell you that if you add all of the elite readers that Philip has to all of the elite readers that Gordon has and you add another 100,000 readers, you get the number of elite readers the Toronto Star has.

Doug Knight

There is no competitive spirit here at all!

John Cruickshank

None, but I mean, who's counting? Doug, does it matter? Does it matter whether a third or a half of the population is not engaged in news? Surely it matters. I think the most severe indictment you can make of our generation of journalists is that we turned our backs on a generation that was no longer engaged with us. We were able to make a new business case.

I can remember in 1992 and I was working at the Globe and talked to the head of circulation. This was the stagflation period. Some of you will remember those days with 22 per cent mortgages and that kind of thing. The head of circulation said, "You know, it's getting harder and harder to sell subscriptions; it's really expensive to get new people to come." We became aware for the first time that there was a real problem. What happened was that after that recession the money came back in, advertising came back in. We found ways of moving a lot of costs out of the operation and we ignored it again. We focused increasingly, along with media everywhere, on a smaller and smaller elite so they could monetize their product and they've said goodbye to vast portions of the population.

The issue of readership is not new. It's mostly based on U.S. numbers. If you change them a little bit, soften the edges a little bit, you'll get the Canadian numbers. If you're 75 years old, you're 75 per cent likely to be a daily newspaper reader. If you're 50 years old, you're 50 per cent likely. So you 50 year olds are a big part of the problem. If you're 25 years old, according to Pew, you're 8 per cent likely. So the business problem is kind of obvious. If you lose the 75 year olds, and you will if you're careless, you've got to find a lot of 25-year-olds to replace them with. That's the business problem.

The social problem is the disengagement problem because the trend down in newspaper readership, certainly in the States, starts in the late '40s, early '50s, and exactly parallels the trend down in participation in elections. It parallels trends down with other forms of social engagement. What we're talking about is how much people are actually engaged in their world. We do have a responsibility. That's why at the Star, we have an enormous focus on figuring out how digital news, digitalization across many platforms, can achieve new levels of engagement with folks who are not now engaged, irrespective, frankly, of how much money they earn, what kind of degree they have, what kind of car they drive, but rather if they're citizens. We're trying to use this as a way of building community.

So I do think it's enormously important and I do, again, feel tremendously optimistic because we now have tools that we didn't have before. We have a tremendous newspaper franchise. It is going to remain for a long time because it creates a lot of value for people. They love their newspapers and for good reason. There are folks who are not going to come to that and we've got to find ways of engaging them. We have a moral responsibility and we have a responsibility to find a business there. That's what we're engaged in doing now.

Doug Knight

So, Gordon, just pick up on the same theme. You've got papers all across the country grappling with these same issues—democratic engagement, youth engagement, diverse communities.

Gordon Fisher

Well, I can't be as earnest as the Star in all this so I won't try to be. I will also say that I don't think we can force young people to read newspapers. I don't think we should be trying to, frankly. Young people have come to newspapers in different ways. They often come through the sports pages or the entertainment sections and I think increasingly they're finding a different way to find that information.

I like to think fragmentation can be used to your advantage. The National Post is a specialty channel. It has a niche in this country that it's carved out for itself with a very loyal readership base that it's very deliberately gone after based on the kind of content we produce. This isn't, never has been, a newspaper war, actually. We never defined it as such. I'm much more optimistic about this in this sense. Content consumption is growing. Young people, middle-aged people, and older people are increasingly finding and reading content. Reading is still a passion in this country. We're different from the United States, I have to say. Our job is to deliver the kinds of content to those readers and those demographics that they want, where they want it, and when they want it. I believe—others may disagree—we will be producing a lot fewer newspapers 10 years from now than we are today. I'm not bothered by that, frankly. In fact, I think that's inevitable.

I think the day is coming when the newspaper will be kind of a status symbol. It's something that will cost you more to get. We still deliver it to your home, under a rock, in a bag, dry. Who else does that? Nobody. If you want that, you're going to have to pay for it. Producing that costs an enormous amount of money.

Philip can tell you about his investment in presses. I don't think that's the future. The future is digital. That's what we have embarked upon. We'll find the audiences and deliver to them what they want.

Doug Knight

Let's pick up on the theme that the consumer should pay more. It's a very interesting idea. There's been quite a transformation in television now. Seventy-three per cent of the money that goes to television is actually consumer expenditure rather than advertising expenditure. The vast majority of that's now going to cable companies and mobile companies, but 73 per cent of the money going to television is consumer expenditure. Seventy-one per cent of the money going to the Internet is consumer, not advertising expenditure. For newspapers only 23 per cent of the monies are coming from the consumer. Is there a point in this disruptive model, business model, where you actually have to charge the consumer more, whether it's increasing a subscription price or funding a pay model on the Internet? Is that part of what you're thinking about, Phil?

Philip Crawley

One of the big conversation points around the industry is what people are going to be able to charge for content, particularly on the delivery of content on an iPad or a cell phone. I think the issue for the Globe is that we know that people want to access our content in multiple ways. This is not an either or. The issue for me is whether we should be more like the cable companies and the telephone companies that do a better job than we do of bundling their offerings, of offering a package of things, which you pay for in one bill. At the moment you can buy Globe content in about three or four different ways. That is a real business issue for all of us to address.

Doug Knight

On the same theme, John.

John Cruickshank

What I find so interesting is newspaper publishers and others talking about when a consumer has to pay for this content. We don't seem to have the conversation about the fact that they would if they cared enough about it. Are we looking at the content? Is there not a reason that people would pay and increasingly pay more and more for the newspaper content that we're providing them? Newspapers across North America are now getting a much better return on their subscriptions and it's because people are very, very satisfied with that. Clearly we haven't gone into the digital world with the same kind of understanding of audiences providing inspiration. We have not approached it in the way that we've approached newspapers. As a result, we're not getting paid for it, and we're not getting paid for it because people can see the same stuff everywhere else.

I think the idea to sit here and say we're going to make the consumer pay for it is just about the silliest one you can possibly have. What you've got to be thinking about, it seems to me, is how to create content that consumers are going to need so badly that they will want to pay for it. We will find a way of creating this transaction that makes people feel right about what they're doing. We're not there yet.

Doug Knight

Gordon, right out of the gate you talked about a digital first-strategy. You're the first one to suggest that perhaps dead trees under rocks might not be the complete wave of the future. Are you working on a digital-first strategy that contemplates a consumer-pay model?

Gordon Fisher

We're like all newspaper companies. We're looking at it, of course, because if there's an opportunity to derive revenue through a subscription base of any kind, you want to explore it. Our industry is historically based on a contribution from consumers, so yes, but the answer to that isn't clear. We will test things. We will test different models. We have some ideas.

I think John's right. I don't think anybody's going to pay for content that they can get free anywhere else. So the issue will be differentiating your content, making it rich and valuable and something you can't get elsewhere.

Philip is right about the bundling approach. We should be able to bundle our various products in a way that is attractive to consumers and get a contribution in that way. The one thing that I would like to point out and I think it's important, the three of us here, if you look at our respective newsrooms, are feeding this universe known as Toronto and Ontario. We generate the news.

There's an all-news radio station that I listen to in the morning that actually now runs an ad that says, "If you didn't have time to read your papers this morning, don't worry about it; we did and we're going to tell you." Well, what happens if we aren't producing that content? Our secret is in keeping on doing that and doing it better and then finding ways to monetize it. In the digital universe, that's the way we're going to approach it.

Doug Knight

We've got several questions from the audience that all kind of coalesce around the same theme, which is quite interesting. It is about Tweeting and all about the latest, newest technologies. A number of questions pile up under that idea, one of which is, of course, that right now the very expensive journalism, the quality journalism that comes out of your three newsrooms and many more that both the Star and Postmedia have, is very high-cost quality journalism. The competition in the news business is now quite extraordinary. The barriers to entry are a lot lower. The quality equation can be very different. The addictive behaviour of people to Tweet feeds and their favourite blogs is very, very different. So how do we deal with that change of competition and that change of quality in the equation of what's available to our traditional consumers of news?

Philip Crawley

Well, I don't think you compromise your principles. You don't do that. We've sought an 18-year deal to use the new presses that are now printing the Globe and I'm assuming everybody has seen the new all-singing, all-dancing design and glossy pages, etc. The corollary of that is we've got to make the long-term commitment to creating the content that's going to make people feel it's worth buying. So that's a given. We've all wrestled with the sheer amount of crap that gets posted on blogs and the rubbish that passes off as journalism. It's a bit like talk radio at about 2:00 o'clock in the morning.

Doug Knight

Are you still listening to that?

Philip Crawley

No, the focus on creating something that offers real insight and value and is not available anywhere else remains paramount.

Doug Knight

One of the great benefits we were told about the Internet was how measurable everything is. One of the interesting things about being able to measure everything is that the stuff that gets the most hits gets repeated. So when we talk about pandering and we talk about the sort of quality equation under threat, it's because it's measurable in part. You're actually giving the audience what it appears to want. How do you deal with that in the context of a quality newsroom and the quality of what you do online through your Twitter feeds, your Facebook pages, everything that you do, because I think we will all acknowledge that we play an important role in democracy and in keeping a populace informed, but we're also running commercial businesses? How do you play that line?

John Cruickshank

It's a great question and the answer isn't easy. Let me first associate myself as strongly as possible with what Philip said because I think he is absolutely right. The core of our response to all the disruptive technology has to be the focus on great content. That doesn't mean focus on great newsprint content, but to focus on the generation of great content. The truth is that if we were to create the kind of loop where you put up a story, you see how popular it is, and you pursue it as if it's the most popular and take down everything else, you would wind up, I think very quickly, with a news offering that was so narrow and so shallow that you, in fact, would offer very little in terms of a broad community to monetize.

There is a real limit to that game. I think, frankly, some of the tabloid press has found that limit of not having any quality content and simply going pure sensationalism. At the end of the day, that restricts the breadth of your readership. It certainly restricts your demographic and it makes it a very difficult conversation when you go to an advertiser, especially a big national advertiser, and tell them they should come and associate themselves with that kind of news or that they should interest themselves in that kind of audience. I think that's kind of self-regulating to a certain extent. We do want to be popular, but we've got to be broad for the future on all platforms. We've got to be deep because that's, frankly, one of the things that has been lost and we need to restore it in the digital news area.

Doug Knight

Gordon, you talked about National Post as a specialty channel, the idea of seeking niche audiences and fragmenting media offerings. Do you find that there's an opportunity whether it's in your digital offerings, your mobile offerings, your newspapers, to start rethinking how fragmented your offerings can be within the context of a big newspaper company like Postmedia?

Gordon Fisher

Absolutely. I think that probably in all of our operations, we've got a bunch of bright, young people back home reinventing the world who could talk much more intelligently about this subject than we can, but yes, there are audiences to be chased. The truth is that launching new digital products is a much less onerous and expensive undertaking than launching new print products, but we'll continue to explore new print, new online, new digital opportunities, but increasingly, it is a vertical world. It's about going down, not out and you have to adapt to the medium.

I'm not going to suggest for a moment that I understood everything he said, but one thing Marshall McLuhan did say was that the medium is the message and he's right about that. You can't just take your newspaper or whatever it is and slap it on the Web or slap it on a cell phone. It doesn't work. It doesn't fit the medium. You have to find content that fits the medium. I think there's a world of opportunity out there to find those younger readers, for instance, that we seem not to be attracting to newspapers.

Doug Knight

I'm talking about innovation and we're talking about comparing Canada to the United States. Canada has had less decline in newspaper readership overall compared to America. One of the reasons has been the explosion of the free newspapers in Canada. There are actually almost as much free newspaper circulation in Canada as there is in America. The gap between the decline of readership in America and Canada is completely filled in by the free newspapers in Canada. It was an innovative response, one could argue, to a change in the marketplace, to search for younger readers and so on.

We now, in Toronto, have four major dailies, three major free dailies plus another 200 newspapers in different languages; we have weekly newspapers of every stripe. How sustainable, I'm going to go to you, John, because you're right in the centre of this one, is this level of competition in the print newspaper world in Toronto?

John Cruickshank

Well, I fear for the third free daily. The degree to which the newspapers in Toronto have created their own very distinct identities as print product and the degree to which we're all capable of being creative in ways that we go to our readership is a sustainable situation. It's fascinating to see the success of the free dailies because they're clearly providing a kind of important service to people and keeping people informed in ways that remain very, very significant.

So I'm not a detractor at all. I think there is work of quality and a connection of reality engagement that's possible through them. If we look out a year we're already into gross speculation. If you look out five years, we're into science fiction. We don't know what's going to happen with these markets. It's very, very difficult to predict, but at least at present we've got titles you can go to that have a very distinct voice and a unique perspective. As long as we can all reconcile that with the physical cost of getting these papers out, then we should continue to have this very vibrant industry in Toronto. I think Torontonians are very lucky with the choices they have.

Doug Knight

I'm going to go to Phil. We have free newspapers as one creative response. There are some headlines suggesting that newspapers have been slow to adapt to the Internet, which I think is garbage because newspapers were amongst the first to start playing with the Internet. I think the Globe sites are amongst the best response that we've seen. Now after years and years of getting your arms around the Internet, all of a sudden mobile is coming along as a disruptive technology and mobile is completely changing the game once again. I think I've heard you say publicly, Phil, that mobile has grown 500 per cent so far this year. On a small base, I get it, but where do you see mobile fitting into the future?

Philip Crawley

Well, let me talk about mobile after I've just said a few words about free newspapers. Free newspapers are, in many cases, devaluing the currency. It's the equivalent of elevator music. It's there for the attention span of about five minutes. Most free newspapers have no newsrooms to speak of. They fill themselves with generic content. That's not creating great journalism. Nobody's winning Pulitzer prizes for free newspapers. There's one or two good ones, but they're few and far between. It's not a great economic model during an advertising recession when that's your only source of revenue.

So there will be more because there are more and more newspapers being given away. The Star gives away 100,000 newspapers a day during readership measurement periods. So the fact that you flood the market with free newspapers is not necessarily a great triumph of journalism.

Mobile is growing extremely fast. This wasn't obvious 18 months ago, but it is now. Everybody is now seeing just how quickly they can jump on the bandwagon that's rolling, but again, we need to make a decision about priorities. Is this really going to turn into ad revenue? We launched an iPad app in July. By Christmas we'll have made something like $1 million of advertising revenue from that iPad launch in the summer. So that's new money that we didn't previously have. Advertisers want to be associated with it. It gives us a taste for what we might be able to do.

So, yes, it's a big urgent issue at the moment.

Doug Knight

Gentlemen, we're going into the lightening round. I've been given the nod. There's one more question. I'm going to ask each of you exactly the same question and go for the short response. What will this newspaper landscape look like five years from today?

Gordon Fisher

It will be different, of course. I don't know about five years. I'm going to say that in a few years it will be dramatically different. I think you're going to see titles disappear. I think Philip's absolutely right about the free newspapers. I don't think they'll continue. They don't make money in most cities; they lose money. In Toronto there's one that may be making money. I think that you're going to see some of the newspapers that don't have quality around them disappear. So brands will go away. We'll all be producing fewer newspapers. There will be a remarkable new digital application. We're all carrying iPads today. I don't know what we'll be carrying next day, but it will be exciting. It'll be interesting. We'll all be making more money on the digital universe five years from now. I guarantee you that.

John Cruickshank

We'd better be. Although, just a tip to you. The finances of the free newspaper business are not quite as bad as you've heard. The demographics say that we're going to have a great public interest in serious journalism, investigative work, local journalism for a long, long time. So in five years I don't think we're going to see an enormous disruption. We could see some changes in the way the business models work. We could certainly see the Sun go free, except for the weekend, and amalgamate with 24 Hours. We've all talked about that, thought about that, and as the announcer foretold we'll probably have absorbed the Globe in five years. I can be the publisher of both the Star and the Globe. It doesn't seem unreasonable to me.

I think that it's really important to see that there will continue to be very powerful disruptions, but for the core of readership that we have in print and increasingly in the various digital platforms, we have this opportunity to create great business models and to serve our communities excellently with quality journalists.

Doug Knight

Thank you, John. Phil, very quickly, five years from now.

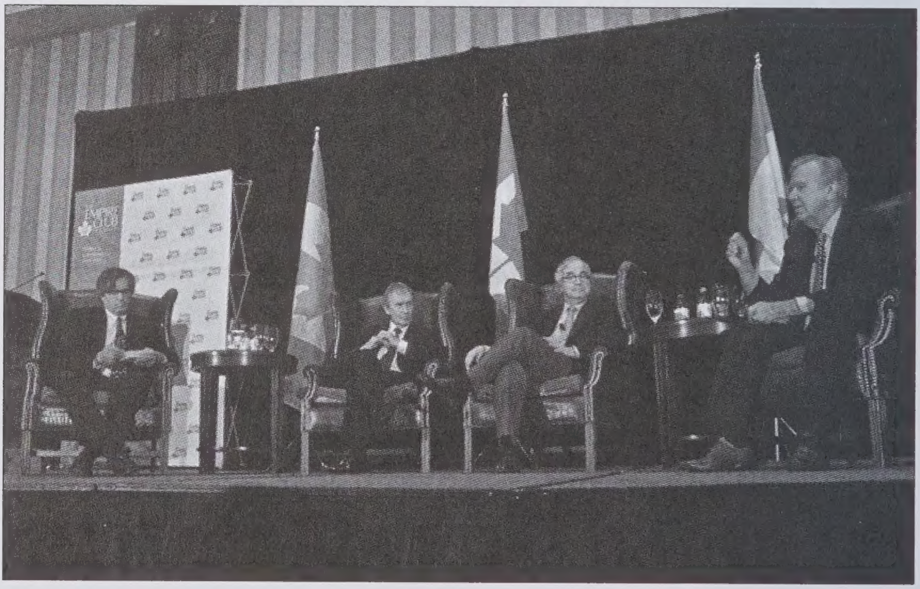
Philip Crawley

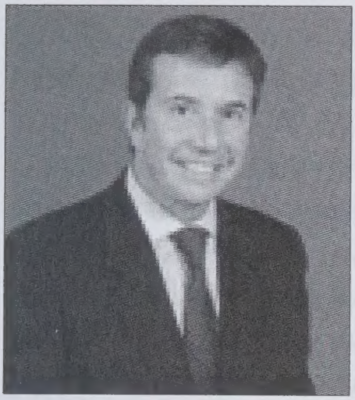
Newspapers that survive will be those that have a powerful brand that stands for something. There will be quite a few more casualties because they don't have that and they don't have the commitment of their owners. So the field will be smaller, but I think the papers with the brand and the quality will do well.

Doug Knight

Great. Thank you. Phil Crawley, John Cruickshank, Gordon Fisher, please stay tuned to their Facebook debate. It'll continue for another couple of hours. Thank you for joining us.

The appreciation of the meeting was expressed by Robin Sears, Senior Partner, Navigator Ltd., and Director, The Empire Club of Canada.





October 18, 2010

The Hon. Scott Brison

Official Opposition Finance Critic, Liberal Party of Canada

HOPE FOR FAMILIES AND ECONOMIC LEADERSHIP FOR CANADA'S FUTURE: WHAT THE FINANCE MINISTER SHOULD HAVE SAID

Chairman: **Alfred Apps**
Past President, The Empire Club of Canada

Head Table Guests

Deborah Gillis, Managing Director, Investment Banking GMP Securities; Kevin Derbyshire, General Counsel, DuPont Canada; Rocco Rossi, Former National Director, Liberal Party of Canada; Michael McCain, President and CEO, Maple Leaf Foods; The Hon. Bill Graham, Former Opposition and Interim Leader, Liberal Party of Canada; and Predeep Sood, Chair, Ontario Chamber of Commerce, and Director, The Empire Club of Canada.

Introduction by Alfred Apps

Scott Brison

Thank you. I'm glad to have the opportunity to be here with you this afternoon.

John Baird asked me to say hello to you Toronto elites.

I should confess, though—you may have gotten a raw deal. At this very moment, in Ottawa, our Deputy Leader, Ralph Goodale, is speaking to the Economic Club. In Montreal, Marc Garneau, our Industry Critic, is speaking at the Chamber of Commerce and Michael Ignatieff is at a high school in Guelph on his Open Mike town hall tour, engaging young Canadians on Canada's future.

Meanwhile, you all got stuck with me.

I am here today as part of Michael Ignatieff's Liberal economic team to outline why Canada needs to do better and how we CAN do better. An economic team that also includes Infrastructure Critic John McCallum, Trade Critic Martha Hall Findlay, and Treasury Board Critic Siobhan Coady, a former chair of the Canadian Chamber of Commerce.

Canada's Economy

Canada is facing an uncertain global economy, rising family debt, a rising Canadian dollar, its first trade deficit in 30 years, and a $56-billion fiscal deficit.

Unemployment now sits at 8.1 per cent, nearly two points higher than when Stephen Harper became prime minister, and the rate is more than twice that for young Canadians.

But the unemployment figures don't tell the whole story. More troubling is the fact that full-time jobs are being replaced by part-time work.

Household Debt

Stephen Harper is out of touch with Canadian families when he boasts about a technical recovery while they continue to face a human recession.

Private and household debt in Canada stands at just over $1.4 trillion, the worst of 20 leading economies in the

OECD. The average Canadian family is now $96,000 in debt, the highest family debt level in the OECD. Rising family debt levels don't just hurt middle-class families; they also hurt the wider economy.

In July the Canadian economy actually shrank. Manufacturing and construction numbers worsened and consumer confidence has dropped in each of the last four months.

Public Debt

Our families are saddled with debt and so are our governments.

Last week, in missing yet another deficit target, Jim Flaherty announced a $56-billion deficit. In doing so, he became the biggest deficit finance minister in Canadian history.

It baffles me when Jim Flaherty boasts about Canada's strong fiscal position. Jim reminds me of the guy who was born on third base, hit a single and thinks he hit a homerun.

Jim Flaherty inherited a $13-billion surplus. By increasing spending at three times the rate of inflation in the first three years of his government, he put Canada into deficit even before the economic downturn. And when you combine the debts of all levels of government—federal, 13 provincial and territorial, and municipal—Canada's gross debt is equal to 81.6 per cent of GDP. This is only marginally better than the U.S. at 82.3 per cent and worse than France, Germany and the United Kingdom. (These figures are from the Financial Post last month.)

A Better Option

When choosing a government the question often asked is whether you are better off now than you were four years ago. If Canadians ask themselves that question now, it's clear what the answer is. Most people are no better off and are more anxious than at any time they can remember.

But there is another way to approach this question. Instead of looking backward, let's look ahead. Let's ask ourselves as a country a different question, in fact a different pair of questions:

1. Why not more of the same approach to government?
2. What does a better option look like?

After four years, we know what the Harper Conservatives are about. We know their priorities, and their record. And the record provides a pretty clear picture of what their approach to government over four more years would yield.

1. A vague possibility that we might finally be back in the black, but without any plan to get there. This government, so fervent about its conservative credentials, has outspent every government that came before it, and not by a little, by a lot. It blew apart Canada's effort to pay down our children's debt and started piling it on their backs again.
2. A government whose approach to stimulus is more driven by a need for signs and advertising than by protecting the jobs of today and creating the jobs of tomorrow.
3. Endless lectures about the virtues of transparency and accountability, coupled with more efforts to hide information and no effort to control waste.
4. An agenda that provokes endless political fighting about issues such as the gun registry, the long-form census, party financing, Senate reform, and building U.S.-style mega prisons for unreported crimes and unknown criminals.

This is not a serious agenda for a country like Canada. It's a fight card with Stephen Harper as promoter. A promoter more interested in dividing Canadians over social conservative dogma today than on building a competitive Canadian economy for tomorrow.

Is that as good as it can be?

Are four more years like that really something to look forward to?

If the Conservatives today have a different plan for the future, Jim Flaherty had the opportunity to present it a few weeks ago at the Canadian Club of Ottawa. He didn't. Instead, he launched into the most vitriolic, divisive attack on the Opposition yet.

L. Ian Macdonald said in the Montreal Gazette: "Even Conservatives in the room were staring at their shoes in embarrassment."

This is not the first time PMO body snatchers took over the Finance Minister. Who can forget the economic statement in the fall of 2008? The world faced a global economic crisis and governments around the world were uniting their citizens to fight it. But in Canada the first instinct of Stephen Harper was, "What a good time to put the boots to the Opposition."

The same short-term politics that motivated his response to the financial crisis in 2008 dominated his approach to the stimulus spending over the last two years. It was more focused on buying votes than on building competitiveness; more focused on counting signs than on counting jobs.

You would think that the crisis he provoked in the fall of 2008 would have taught Stephen Harper something. Based on the Flaherty speech to the Canadian Club in September, it is obvious Stephen Harper has learned nothing and that you can expect more of the same approach.

Why does Harper just want to pick fights?

Doesn't Canada deserve better?

A Liberal Plan

I am here today to describe the kind of Canada we could have in a country led by Michael Ignatieff.

Instead of the status quo, a government missing every deficit target and failing to provide Canadians with any plan to get Canada back into the black, a Liberal government will commit to a deficit-to-GDP target of 1 per cent within two years of taking office and declining every year thereafter until the books are balanced.

And we will balance the budget. We won't leave a legacy of debt and deficit for our children. We'll restore a prudence factor to our planning, so we stay on course even if things don't happen exactly as forecast. And we'll work with the public service to review all program spending.

Everything we propose in our next Liberal platform will fit into this framework. There won't be any new spending unless we can clearly identify a source of funds without increasing the deficit.

Our priorities will reflect the priorities of middle-class Canadian families.

The Conservatives have different priorities:

- $16 billion for U.S.-made stealth fighters without a competitive bid
- $10–13 billion for mega-prisons to lock up Stockwell Day's unreported criminals
- $1.3 billion for the G8/G20 photo-op
- $130 million for partisan government advertising
- $6 billion a year in corporate tax cuts we can't afford right now, when we're in a $56-billion deficit

Let me be clear. The Liberal governments of Jean Chretien and Paul Martin cut corporate and personal taxes dramatically. I can remember because I was one of the ones calling for it.

But, that was during times of surplus.

Cutting corporate taxes during times of surplus makes sense, but cutting taxes on borrowed money doesn't. Especially when our combined corporate tax rate is already the second-lowest in the G7 and 25 per cent lower than the U.S.

Let's balance the budget first.

Let's invest in learning and family care first.

Let's put middle-class families first and create the jobs of tomorrow.

That's what a Liberal government will do.

The Liberal Alternative

Our plan will be prudent, credible, balanced, and effective. Our priorities are learning, care, pensions, jobs, and Canadian leadership in the world.

First: Learning

A Liberal government will invest in our people to build the best educated, and most highly skilled work force in the world.

We will increase affordable early learning and childcare spaces, close the financial support gaps for Aboriginal students, and help families save for their kids' education.

We will help businesses invest in skills training and ensure immigrants get the language training they need.

And we will reverse Stephen Harper's cuts to literacy programs.

We can't keep pace with the world if we fall behind in knowledge, innovation, and productivity.

Second: Family Care

One of the productivity challenges we have today is that more and more working Canadian families are getting squeezed between caring for young children and caring for aging relatives.

Eighty per cent of at-home caregivers are family members who receive no financial support, including many who have had to quit their jobs.

Meanwhile, hospitals and nursing homes have higher costs and fewer beds.

Support for family caregivers would help reduce costs in our traditional health-care system, while improving the quality of life for those who can choose to stay in their own homes.

That's why, two weeks ago, Michael Ignatieff announced our Liberal Family Care Plan, which will provide new Employment Insurance and tax benefits to family caregivers.

Third: Pensions

A Liberal government will also respond to the crisis in our pensions.

One-third of Canadians don't have enough savings to maintain their standard of living after they retire. Another third don't have any retirement savings at all, beyond what they'll get from the government.

These problems will only get worse as our population gets older.

The Liberal Party has proposed a Supplementary Canada Pension Plan, a new Stranded Pensions Agency, and changes to the Bankruptcy and Insolvency Act to protect pensioners on long-term disability.

Fourth: Jobs and Trade

A Liberal government will work smarter to protect the jobs of today and to help create the jobs of tomorrow. What we have gone through and are going through is not an ordinary recession. It is a global economic restructuring. That is why it is not good enough to recover to where you were before the recession if the rest of the world has moved somewhere else—ahead.

In the words of that great Canadian economist, Wayne Gretzky, "You have to skate to where the puck is going to be, not to where the puck is at."

In this regard right now we are playing catch-up because other countries used their stimulus packages more strategically to build future competitiveness by investing massively in science, technology, clean energy research, and in modernizing energy production and transmission. We can't risk falling further behind in the green economy.

Globe and Mail columnist Barrie McKenna said the Conservative stimulus package was "a squandered opportunity" and said "to throw billions into a hodge-podge of boondoggles and call it world-beating economic policy is a bit of a stretch."

Investing in science is key to future economic growth. If we want any commercialization and new technology jobs in 10 or 20 years from now, we need to help fix the dire Canadian venture capital environment today.

Trade

To create the jobs of tomorrow—jobs for our youth—you also need to partner with the markets of tomorrow.

For the last century, our economic growth has been fuelled by the insatiable appetite of the American consumer. But for the last two years, the Americans have had some wicked indigestion. Almost three-quarters of our exports still go to the United States, which leaves us vulnerable to downturns in the U.S. market and growing American protectionism.

Meanwhile, the world's centre of gravity is shifting more quickly than ever to emerging powers like China, India, and Brazil.

Frustratingly, in his first three years as prime minister, Stephen Harper was churlish with China and ignorant of India.

We need to get back on track with the BRIC (Brazil, Russia, India, China) nations and redouble efforts to engage the next wave of emerging economies, countries like Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa.

Canadian Leadership

Diversifying Canada's trade relations is part of how a Michael Ignatieff Liberal government will reassert Canadian leadership in the world.

In June, Michael Ignatieff announced our Liberal foreign policy platform, the Global Networks Strategy.

Our vision is to restore Canadian global leadership by harnessing our multicultural communities as natural bridges to the fastest-growing economies of the world.

Nearly two million Canadians work outside the country at any given time. There are Canadian students studying abroad on every continent and we need more students going abroad, not fewer.

The Conservatives say that Michael Ignatieff is somehow less of a Canadian because he lived and worked outside our borders. But when it comes to winning votes on things like the UN Security Council, I'd rather have a prime minister who has succeeded on the international stage and then come home with an understanding of the world, than a prime minister who's never left the country without a government jet and a motorcade.

Stephen Harper has made his choice—more prisons, more untendered contracts for fighter jets, and tax breaks using borrowed money.

If you think that's good enough for Canada, vote for him.

But if you don't think it's good enough, there is an alternative.

A Michael Ignatieff Liberal government would build human capital, help middle-class families, create the jobs of tomorrow, and restore Canada's influence in the world.

These are the priorities we will take to the Canadian people.

Canada deserves better than a finance minister who cannot add and a prime minister who can only divide.

Michael Ignatieff will seek to bring Canadians together with ideas for a brighter future and a renewed sense of pride in the Canadian potential. Together, we will rebuild our economy, our prosperity and also our compassion. And, together, we will lead the world again.

Thank you.

The appreciation of the meeting was expressed by Predeep Sood, Chair, Ontario Chamber of Commerce, and Director, The Empire Club of Canada.

October 27, 2010

Lieutenant-General Andrew Leslie

Chief of Transformation of the Canadian Forces and Former Chief of the Land Staff

CANADIAN FORCES AND TRANSFORMATION

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Julie Lindhout, President, Atlantic Council of Canada; The Hon. Lt.-Colonel Justin Fogerty, Partner, Davis LLP; Rev. Canon Kimberley Beard, Rector, St. Paul's-on-the-Hill, Pickering; Michael Ball, Executive Director, Canadian Hero Fund; Andrew Cohen, President, Historica-Dominion Institute; and CF Cmdre Mark Norman, Assistant Chief of Transformation.

Introduction by Tim Reid

It is now my absolute pleasure to introduce Lt.-General Leslie this afternoon.

Lt-General Leslie comes from a respected, long-serving military family.

He is a decorated officer whose career has included a succession of field tours and brigade, division and mission leadership roles.

His appointments have included:

- Commander of 1 Canadian Mechanized Brigade Group;
- Commander Land Force Central Area;

- Commander Task Force Kabul and Deputy Commander of the NATO-led International Security Assistance Force in Afghanistan;
- Assistant Chief of the Land Staff;
- Director General Strategic Planning; and most recently
- Chief of the Land Staff.

Lt.-General Leslie has received the Order of Military Merit (Commander), the Meritorious Service Cross and the Meritorious Service Medal for his service to the Canadian Forces.

In April of this year, the Government of Canada appointed Lieutenant-General Andrew Leslie to the new role of Chief of Transformation.

The role of the Chief of Transformation is an important one as it is the driving force behind key organization changes and the re-positioning of the Canadian Forces for the future.

What will be the focus of the Canadian Forces moving forward in light of the following circumstances?

- A decreasing budget for the Canadian military as the Canadian government struggles to pay down its large deficit in a very slow-growing economy
- The last rotation of Canadian Forces troops scheduled to leave Afghanistan next July 2011
- More complex global security issues
- A warming Arctic that will open the North-west Passage
- Continued joint North-American security interests with the United States

To answer these questions, I would like to invite Lt.-General Leslie to come to the podium to give us his thoughts.

Andrew Leslie

Thank you, Tim. That was very kind. That was a vastly inflated introduction for which I'm deeply grateful. Let me tell you a different version.

Second Lieutenant Leslie 30 years ago in the middle of a rainstorm somewhere near the inner German border was proudly leading a column of 26-tonne self-propelled guns. Down in the bowels of the vehicle was a grizzled sergeant major. I was a second lieutenant with a really good idea and a map. At some point he tugged at my knee and he said, "Sir, I think we should turn right here." I said, "No, no, sergeant major, I've got the map and I know a short cut." The inevitable happened and we got lost. We got lost with a column of 30 massive vehicles, in relatively close proximity to what is now or what was the Soviet Union and the USSR boundary between East and West Germany, which caused a whole bunch of folks to get really excited. Anyway, we stopped in time and in the counselling session that ensued afterwards I resolved to be careful of short cuts and always listen to my sergeant major.

So I'm here to listen. Not that you are sergeant majors, but you're all smart Canadians and you all have an opinion on your Armed Forces. So I'm here to listen to you. I'd like to set the scene, and won't take long doing so, and then I invite your questions.

As mentioned, for the last four years I've had the honour and privilege of leading your army. I've handed that command responsibility over to Peter Devlin, a superb officer. Now with about 40 others, a unique blend of civilians, regulars, academics, soldiers, sailors, and air personnel, we're thinking our way through what the post-Afghanistan Canadian Forces should look like. And, of course, your soldiers, sailors and air crew are doing all sorts of amazing things right now. We've been in Afghanistan with our NATO partners dealing with a ruthless and predatory foe that seeks to prey on the weak and innocent, a very fragile nation democracy and heavy infrastructure issues in a land where almost none exists, and of course people who have known centuries of conflict based on tribalism and extremism.

Of course we were there to carry out the direction you gave us, to go where you sent us, and to do what you wanted us to do and it is arguably the most complicated and dangerous part of the world right now. And yes, with deep profound regret, it has cost us lives. Many have been killed and wounded either physically or through psychological or emotional trauma. Unless you've been there and gone through it, you have no real idea what we're asking those young Canadians who wear a maple leaf on their shoulder to do. As I speak, 3,000 more Canadians are getting ready to go, bless them all. And, by the way, after eight years of war we still have more volunteers from amongst the reserves and the regulars than we have slots to fill in Afghanistan.

But it's coming to an end for your Armed Forces. Our orders are clear. We're out next year. I also know you realize that's not all we do. So what have we been doing over the last little while? Let me give you a quick recap.

We are deployed across this land assisting and providing you with security. We have just helped the province of Newfoundland recover from the blitzkrieg of hurricane Igor. We provided logistic support and thousands of us assisted the RCMP and the local constabulary forces in securing the G8 and G20 summits. We had some of the first boots on the ground in Haiti and our national response was nothing less than magnificent and I'm not talking about the military. Having said that, we had ships arriving within days, big Hercules aircraft, which were in the process of being replaced by newer versions, literally thumping themselves down on runways, where no one had yet landed after the earthquake. We had 2,000 troops on the ground within days, providing medical, engineering and security support. We were helping to save lives, to bring a sense of hope to the victims and show that others cared for them. Quite frankly, in those sorts of tragedies, physical presence does lead to hope. Aid and development agencies, civilian medical authorities, the RCMP, a host of non-governmental organizations, and all of you, who contributed so generously to a variety of relief funds, were front and centre. It was a shining moment when the whole nation pulled together in a fashion that is highly commendable.

We're currently engaged in the security of our northern frontiers. We're going to be doing lots more of that over the coming years. And of course we have Armed Forces personnel all over the world, be it air, land or sea, doing what they do best. We're not dealing with an either/or choice as we look to the immediate future in a post-2011 world. We have an Armed Forces that is engaged in simultaneous responses to the government's direction, and doing that which you've asked us to do, from combat, to peacekeeping, to peace making, to peace support, foreign aid, assistance to local communities, and humanitarian disaster response. The list goes on. And, of course, this is both at home and abroad. And much of that ability to play an active and vital part at home and abroad has to do with the priorities set by your federal government, by my minister who has given us the resources we need to acquire the equipment to train to exemplary standards our young men and women for the uncertainties and dangers we know they're going to face.

We in the Canadian Forces are very grateful to all of you for the budget increases of the last decade. And trust me; we know that every penny is important, because you earned it. In large measure what we've attempted to do is use these funds effectively and efficiently to ensure that two things happen simultaneously. First and foremost is that we get the best people with the best possible equipment and training to protect the very Canadians that we send out to do what you're asking. We owe it to them to ensure they're wrapped in as many layers of protection and security and training as possible for the uncertainties they are going to face. As a matter of fact, you owe it to them, because they're your sons and daughters. Sophisticated and multifaceted threats, which I'll talk about in a few minutes, obviously demand a sophisticated and multifaceted response, but this issue of protecting you is paramount. We protect you by our presence. And, of course, whatever equipment or skill sets we develop have got to cover a broad range of capabilities, a spectrum of activities, and unique methods of employment, for machines, which some might think are traditionally just used for mid-intensity battles, can suddenly in a heartbeat be life-saving devices during earthquakes.

The key word I guess in the international context is changing. Canada is changing; the Armed Forces are changing; we're all transforming more than meets the eye. Quite frankly, that's the term of reference that defines the job the team and I have been asked to do.

This multidisciplinary team has access to all sorts of information databases, and right now, we're doing the hard work of figuring out what we've done, who does what to whom, what are the priority lists for future activities, how many resources can be matched to these capabilities, and developing threat scenarios using the enormous amount of good work that's already taken place over the last couple of years. We're not starting with a blank piece of paper. Once we finish this review over the next couple of months, not a long time from now, we'll be making our report and recommendations to the appropriate authorities for their decision.

Let's talk about the uncertain world that we're facing, not today but certainly by this afternoon or tomorrow. The world should not be viewed as it is, nor should we look at it as it's just been. What's going to happen tomorrow? We will use the lessons of today and we've got fulsome databases that are very comprehensive on lessons learned through recent operational experiences both at home and abroad. But we are not saying what's going to happen tomorrow is what happened yesterday. It's possible, but it's not a certainty. What do we do? We assist you and others in ensuring you can lead your lives with a certain degree of security. The threats facing Canada and its citizens, as well as our way of life in the future, are many and ever-changing. Just think about it. The Internet was commercially born in 1989 and Yahoo emerged in 1993 as one of the first search engines, just a couple of short years ago. Look where we've gone since.

In the mid-'80s we were considering "depletion" in Brazil in an unprecedented summit chaired by Maurice Strong, a visionary Canadian. Today there are many things that are creating further uncertainty—climate change and its impact on the Arctic, our agricultural cycles along with resource depletions of hydrocarbons, water, and minerals, and the potential for competition for what remains.

We now have cyber attacks on our fragile networks, which are the arteries of the information age, by individuals, groups or nations, who would intend us harm. Last week in the United Kingdom the threat of cyber attack was ranked as number one in its list of concerns, ahead of a terrorist act, a violent terrorist act. Think what could happen if our information flows as a nation were to dry up for two or three days. What financial impact would that have on our economy? The other more traditional threats, which by the way are not necessarily going to happen in the future, but there's a probability that one should consider that they might, include interstate conflict, failed states, humanitarian tragedies such as pandemics and famine, the internal course of warlords and tribalism, extremism of all sorts, terrorist acts, insurgencies, even economic downturns and market swings based on consumer confidence or lack thereof. All of these contribute to our way of life or its degradation.

Natural disasters seem to be occurring with ever more increasing frequency, both at home and abroad, and man-made accidents that put people in harm's way is where you're going to find us. I said I wouldn't talk about this but I just have to get it off my chest. We shovel out cities during a snowstorm. I'm not saying we like to do that, but we can do that. All of us have got to look at the world as a series of interconnected webs of relationships, trade, influence, interests, all underpinned by a requirement to have a secure environment to allow us to be nourished and prosper.

So the lesson for the future is that we should pay attention to what is happening out there because what happens out there can, will, and shall have an impact right here in this room, maybe not today but certainly by tomorrow. So what? You had better have a security force that has a wide range of capabilities to respond quickly and has superb personnel with the right equipment, right mindset, right degree of confidence, and right level of support from the citizenry.

To some already, there's an expectation that the Armed Forces is no longer the organization you go to when you run out of other options. Indeed, we've almost become the organization of first choice, the organization people like to go to both internally and domestically to do a whole host of activities outside the traditional paradigms and tool boxes of a conventional Armed Forces. We are involved in disaster relief, environmental catastrophes, sovereignty issues, and assisting police at sporting events. Our contributions are increasing to help you live better lives. By the way, there's still the expectation as a member of the international web and link of relationships, trade, and influence, that we're going to continue to contribute to international peace and security and indeed stability. And we do so today by helping hunt pirates and maintaining control of our maritime approaches through which the vast majority of our international trade flows. We have to have the ability to do peacekeeping and peace making for the imposition of a variety of security-council resolutions. And by the way, international missions, that look benign, can literally in a heartbeat turn into something less so. I, and as a matter of fact several other soldiers in this room, have been part of classic conventional peacekeeping operations, which in military parlance went pear-shaped overnight, where thousands of rounds of artillery fire were exchanged as main battle tanks rumbled through the streets, and tens of thousands of combatants from the warring factions brushed through the United Nations forces and resumed their war. Many died and your soldiers at the time, lightly equipped, were suddenly rendered almost irrelevant and helpless. Quite frankly, Canada is too wonderful a nation to be helpless. This uncertainty of potential threats and missions in the future argues for a balanced force, one that can cover a wide spectrum of future activities and endeavours, a joint force of which a significant portion is rapidly deployable, because when we get the call, we've got to get there right away to help fight chaos, fight fear, and help those who need it most, be it at home or abroad.

Let me go back to Haiti. Our national response in Haiti was no accident. It was achieved because we had the national will, the political leadership, and the overwhelming support of all of you to get the job done, and the training, the heavy equipment, the confidence and the skills to move quickly. This whole government team arguably forged in large measure on the battlefields of Afghanistan kicked into high gear and all of us—the military, the aid organizations, and individual Canadians making charitable contributions—helped to get an exemplary result from their efforts. So what's the big lesson? When catastrophes occur, be they man-made or natural, you've got to move quickly and in sizeable numbers. This in turn means that we need reach, which in our case is big aircraft, and ships that can carry stuff, lots of it, to be able to sail from the harbour, just as they did during Haiti, within hours. We need those big Hercules or C17s thumping down our runways transporting our troops and medical surgical teams with their little boxes that inflate to allow them to get to work within hours or certainly days. We have the ability to purify water, to distribute aid and food and extend the typical Canadian hand of friendship, to give reassurance, and confidence as well. We have the confidence as a nation to actually take the lead, to carve out the role that suits us best, and the ability to see the different points of view extant in a lot of the different cultures we deal with.

By the way, I'm not suggesting your Armed Forces have to grow. I personally think it would be nice but we're very conscious of the fiscal climate, and I think we have enough to get the job done—superbly trained regulars and reserves and the civil service teams that prop us all up. Our output is people with the right equipment and the right training and our transformation teams look at our structures, the people and money that's tied up in overhead and output, to figure out what discernible balance might be needed in terms of recommendations going forward. We are working with the realities of a constrained fiscal framework; we got that loud and clear. We'll be tested and challenged over the subsequent weeks and months to come up with models and structures of all that we think is going to happen to us in terms of security.

I think the future is quite bright, but it's also uncertain. I don't have a crystal ball, but some of you do, quite literally. Some of you have unique perspectives. You're all smart folk and you wouldn't be in this room if you didn't care passionately about your Armed Forces. So I have some questions for you. Here they are. We have made great strides forward operating in complex environments in overseas missions, and at home with the military, local police forces, the RCMP and CIDA, working ever more closely together, but what ideas are out there? What sort of organizations do you see your Armed Forces wrapping around to speed up our response from fast to lightning quick? If you agree with my premise that when natural disasters or man-made crises occur, very often whoever can get there the fastest with the mostest can help save the most lives. That is question one.

Question two. What ideas are there for us to better secure the Arctic? What does that mean? What sort of resources are you looking for? What are your ideas and how are we going to get this done?

How concerned are you about cyber? Have you thought about it at all? Does it have a corporate risk to you and what role might you see your Armed Forces playing to help you defend your information flow so you can get your jobs done, whatever they might be?

Natural disasters seem to be on the rise at home and overseas. What sort of role do you see us playing in those? Firm second-row support? First out the door? What sort of broad range of capabilities would you like to see us bring to help ease those at a time when they're suffering the most?

These are four big questions. Before I turn it over to your responses to those questions or any others here are some final thoughts. Our men and women, your men and women in uniform, are actually really good at what they do. No arguments. A variety of opinion polls and bonds of affection and mutual respect, which flow from the citizenry to those who provide us with their sons and daughters to serve, has quite frankly in my 30-plus years never been higher. It is interesting that it's never been higher when we are engaged in a combat mission. At a time when we were doing classic peacekeeping, the popular support was much lower.

In terms of effectiveness, we're one of the best Armed Forces in the world and we're working hard to become more efficient. All of us are volunteers and many live in your community, especially the reserve members of the Armed Forces. About 20 per cent of those who are getting ready to go to the last fighting mission in Afghanistan come from reserve units. There's a bunch of them here in this room. They train on nights and on weekends. They have their day jobs and then step up to the plate a second time. They volunteer to serve in the reserves. They go and serve their country in Haiti, Afghanistan, or whatever the missions of the future might be, or indeed to support security activities here in Toronto during a variety of conferences in the recent past. How do we enhance their capabilities? How do we reallocate forces to them to allow them to do what they do so much better?

Ladies and gentlemen, thank you so much for your attention. I've asked you four questions, I'm sure you've got some of your own. If you haven't thought of any, write them down. I'll wait and I'm willing to stay up here just as long as you'll have me. Thank you very much.

Reid: Is there a chance that the Canadian Forces will go back to making peacekeeping their key role globally, and if so, has that role of peacekeeping changed?

Leslie: I've watched with interest at what I think is a very good debate in the main. Some very good ideas are extant out there. With peacekeeping, there is an image, an aura, which surrounds peacekeeping in the Canadian psyche, which is highly commendable and it speaks to who we are and what we might wish to become. Having said that, together with a variety of grizzled veterans in the room, I have been on peacekeeping missions which overnight looked remarkably similar to an all-out war. So there's an argument to be made that the peacekeeping of tomorrow is not necessarily the peacekeeping of yesterday. Be careful what you ask for because some of the peacekeeping missions around the world, which arguably would benefit enormously from a Canadian presence, are tough, complicated, and incredibly dangerous. So to answer your question, our country has a long and rich history of peacekeeping. It actually doesn't predate Lester Pearson, but the idea does. I see that looming in our future. It's not something to shy away from. But where and when and with whom, quite frankly, governments decide. We go where governments send us. We do that which they ask us to do, and we come home when they tell us to come home without a chirp or a murmur. So I guess the answer to the question is, yes. I'm sorry I've taken so long to say yes.

Reid: What do you wish you could tell the Canadian public that the media doesn't report about the Canadian Forces or about Afghanistan?

Leslie: That's a very interesting question. Most media that go to Afghanistan actually achieve the appropriate balance, but let me backtrack for a second. There's an argument to be made that journalists, soldiers, and policemen and firefighters are all slightly different, because we all run towards the sound of gunfire. Journalists very often get drawn to the battles. They get drawn to the tragedy, because that is argued to be newsworthy back here in Canada. If I had a wish, it would be to try to achieve more balance in terms of the larger picture of what we're doing on international missions. In terms of the coverage at home, if we make mistakes, we get, quite rightly, hammered by the media, and that's okay. There's truth to power as long as it's balanced and objective, and only in rare cases have I seen reports that aren't. If I had one wish, it would be to try to get some of our journalists, and by the way a lot of them do get it, to achieve a depth of understanding of the subtleties of what we do, which is not only fighting in missions such as Afghanistan.

Reid: I've got about five questions that are very, very similar. It's very interesting; I've got two groups of questions. One was just answered. The second area that you sort of touched on a minute ago has to do with the reservists. What happens after the withdrawal to the reservists?

Leslie: I'm going to relate the experience of my former job as your army commander for four years to the reserves, the army reserves, and I'll segue briefly into the naval and air reserves. We could not have done what we had to do in Afghanistan if it wasn't for the reserve half of the army, categorically absolutely, so bless them all. Your reserve has essentially been partially mobilized to an extent that is unprecedented since the idea of the army reserve was first originated in a post-Second World War era, because of course in Korea, we sent a specially recruited force which then became called the special force. We have close to 10,000 superb reserve soldiers doing full-time service, so that's about a third of the total numbers, air, land, and sea, and they were brought for those activities which are very intensive and require a lot of trained professionals.

Post-Afghanistan, the hope is to get more of the classic reserve soldiers back on the armoury floors, with fewer full-time reserves, but an increased number of part-time reserves, all from within the same funding pool. How do we do that? We gently start to ask the full-time reservists to join the regular Force, or to go back to part-time status. For every full-time soldier, you can get three, four, five part-timers. I see no change to the current construct. There may be minor amendments or tweaking of the current reserve field army. I see no changes to how we think of employing the naval reserves, though the types of platforms may differ, and I see no change to the air force reserve and how they're employed. Let's not think about tinkering with output, the folk who actually go outside their bases, be it at home or abroad and do the work we've asked them to do. And by the way, if you're deploying from Edmonton to St. John's to fight an ice storm or from Halifax to where the hurricane occurred, you're deploying outside your home base. That's an expeditionary endeavour. And it's tougher in terms of logistics and transport to get to the Arctic than it is to get to Europe. We're getting a lot of experience in getting up north. That is an expeditionary endeavour. Let's focus on overhead and not the field Force, in terms of tinkering. Does that answer the question?

Reid: I think so. Next question. In Kosovo, less than a decade ago, we had to have NATO compatible fighter jets to participate in "peace making," yet we now have a political debate over the F-35 aircraft. In the early Afghan mission we sent lightly armoured Forces; subsequently we realized the mission required helicopters, leopard tanks, and heavily armoured vehicles. Does Canada have the political will to properly support the military for the equipment necessary for the mission assigned to the Forces?

Leslie: Yes. Whoever asked that question, thank you. That is in the realm of political. I am a serving general officer and you, believe it or not, don't want your generals delving into politics while wearing uniform. The experience in a variety of other nations around the world hasn't been great, so you don't want that. Who asked the question, just out of curiosity? Sir, good try.

Reid: He's a lawyer. Okay, next question. Why are we pulling out of Afghanistan if it appears the job is not yet done?

Leslie: Because your government, your Parliament to be precise, has passed a motion in the House which was carried by a majority vote which told us, via the chain of command, that the combat mission shall cease in Kandahar by 2011 and all troops shall be withdrawn in 2011. And once again, you want a military to follow orders without complaint and without discussion. There are private conversations that may happen, but there comes a point when the elected officials at any time may choose to give us orders, and the only appropriate response from all of us wearing uniform is yes, sir, or yes, ma'am.

Reid: Thank you, sir. What future career opportunities are our returning soldiers and officers likely to pursue?

Leslie: Well, if I were to run a business, and I saw the amazing talent that's coming home from complex missions, be it air, land or sea in Afghanistan, or operating a frigate hunting pirates off the coast of Africa, or slamming big aircraft down on to runways that could be buckled by an earthquake in the middle of the night and no one has ever landed there before, I'd hire them in a heartbeat. They have confidence, they've got proven courage, they can multitask, they're energetic, they're enthusiastic, and arguably they represent the best the nation has to offer. Having said that, please don't hire them right away, because we kind of need them too. Quite frankly for the returning veterans, from whatever type of mission they were on, the potential is unlimited. With the degree of public support that exists between us and the civilians who pay their taxes and actually vote, I think there's a lot more enhanced awareness of the skill sets the members of the Armed Forces can bring to organizations.

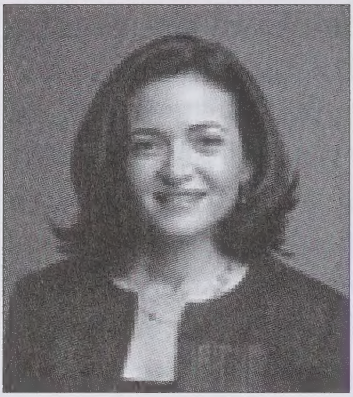
Reid: Okay, I think we'll make this our last question. What do you think are Canada's top security issues today?

Leslie: Negative impacts on the webs of relationships that we have with trading partners, friends and allies, responding quickly to natural or man-made disasters at home and abroad in a focused and disciplined fashion, the threat of terrorism or a terrorist act against our info spheres, our physical plants or fellow Canadians, and last but not least, sovereignty and surveillance. Canada is a blessed nation. We have an incredible amount to be thankful for, and we have things and a way of life that other people either want, which is fine, or seek to destroy, for whatever reason. I'm not intending to sound paranoid, but it is a dangerous and complicated world out there, so it behooves all of us to think globally, to think strategically, to be cognizant of the fact that the Armed Forces is a vital tool inside the tool box, and there are many other instruments inside that tool box, but our roles for the future are to be thinking globally and strategically, not just domestically.

Reid: Thank you, sir, very much.

Leslie: Thank you for your attention.

The appreciation of the meeting was expressed by The Hon. Lt. Colonel Justin Fogerty, Partner, Davis LLP.



November 2, 2010

Sheryl Sandberg

Chief Operating Officer, Facebook

IT'S ALL ABOUT PEOPLE

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Cam di Prata, Executive Vice-President and Head, Corporate and Investment Banking, National Bank Financial, and Director, The Empire Club of Canada; Jordan Banks, Managing Director, Facebook; Anetta Jewell, Partner, Great Lakes Brewery, and Director, The Empire Club of Canada; Dr. Rev. Connie denBok, Senior Minister, Alderwood United Church, and Adjunct Professor, Wycliffe Seminary, Toronto; Maggie Fox, CEO, Social Media Group; and Dr. Sara Diamond, President, OCAD University.

Introduction by Tim Reid

It is now my absolute pleasure to introduce Sheryl Sandberg this afternoon.

With over 500 million friends, Facebook has become a place that most of us visit every day to find out the latest news, check on updates from friends and family, and communicate and share experiences that are important to us.

Over the last few years, more and more Canadian companies have been integrating Facebook into their marketing mix to reach Canadians in a whole new way.

As the world becomes more social, brands are changing the way companies communicate with their audience engaging them in a two-way dialogue.

Sheryl Sandberg joins us today to talk about this evolution to the social Web experience and she will share with us some compelling stories of companies leveraging the Facebook platform to engage and deepen brand relationships with Canadians.

As you all know, Sheryl Sandberg is the Chief Operating Officer at Facebook.

She oversees the firm's business operations including sales, marketing, business development, human resources, public policy and communications.

Prior to Facebook, Sheryl was Vice-President of Global Online Sales and Operations at Google, where she built and managed the online sales channels for advertising and publishing and operations for consumer products worldwide.

She was also instrumental in launching Google.org, Google's philanthropic arm.

Before Google, Sheryl served as Chief of Staff for the United States Treasury Department under President Bill Clinton where she helped lead the Treasury's work on forgiving debt in the developing world.

Sheryl serves on the boards of the Walt Disney Company, Starbucks, Women for Women International, the Brookings Institution and V-Day.

She was also named as one of the 50 Most Powerful Women in Business by Fortune and one of the 50 Women to Watch by the Wall Street Journal.

It is my great pleasure to welcome Sheryl to the podium. Please join me in giving her a warm welcome.

Sheryl Sandberg

Thank you, Tim, for that kind introduction, and to all of you for coming and to the Empire Club for hosting.

I'm really excited to be here today. It's not just that I'm avoiding the U.S. election, even though that's helpful; it's that Canada is a really important market for Facebook. As Tim said, "Canada is not just one of our most penetrated markets, but Canadians are amongst our most active users." Globally, you guys are really friendly. The average user on Facebook has about 130 friends, but in Canada, the average user has about 190. You all come to our site more often. We're very grateful. If any of you have teenaged kids and you feel they spend all day with us, tell them to do even more. We really appreciate that. This is a really important market for us. Because this market has been so heavily penetrated, we actually watch very carefully what happens in Canada and learn really important lessons that we export to the rest of the world.

The other reason I'm excited to be here, and I can't believe I'm telling this story in front of so many people, is the only person I've ever kind of stalked was a Canadian. I was a huge "24" fan and I was in a Los Angeles restaurant and there was Kiefer Sutherland, Jack Bauer. He's sitting at his table; I'm sitting at mine. I've had the opportunity to meet lots of famous people I've never cared about that much, but this time I really cared. He went outside to smoke a cigarette. I actually followed him outside. It was pretty embarrassing because he asked, "Who are you and why are you here?" It was the only time I've ever stalked anyone so I think it's appropriate that I've now visited his home country.

We opened our Canada office about a year ago and since I'm getting old, that feels like just yesterday to me. Age has become a really hard issue for me because before I joined Facebook about 2 1/2 years ago, I thought I was young. And then I met Alex Schultz at Facebook and he informed me that that wasn't the case. Here's what happened. I'd been at Facebook for about a month and I was sitting in a meeting and we're talking about launching a product. And Alex said, and I'm sitting to this side of him, "You know, when we launch this product, we have to take into account all of our user demographics. It should include the middle-age group." I'm looking at him waving his hand and I realize he's waving it at me. I said, "Okay, time out; Alex, did you just call me middle aged?" He looked at me and said, "Yes," and goes right on with the meeting.

Well, I'm a really nice person and I want you all to know that Alex Schultz still works at Facebook. I am not as old as Alex thinks I am, but I am old enough to remember before the Web happened. I love saying that at work because when I say it, people look at me and say, "What do you mean?" "What do you mean, what do I mean? I mean before the Web. When I was in college, there was no Web." "Really, was that weird?" Well, it's all we knew.

When we first got online, we were all anonymous. I'm from Miami, Florida. I was SherylMiami123 or some such handle, but it was considered really unsafe to put your real identity online. Do you people remember that? Thank you for nodding. I never get those nods at work. You went around the Internet and you used the Internet anonymously. We were anonymous searchers of information. If I was looking for something in the news, I might go to the Globe and Mail. If I wanted a movie, I might go to Cineplex, but in all of these things I was totally anonymous. Real names were simply unimaginable.

Today, that's really changed. It's unimaginable not to put your real identity online. People all over the world are using Facebook to share, from the mundane, "I had a great weekend with my family," to the profound, "I was reminded of the beauty of life when I became an uncle for the very first time." Update by update, photo by photo, post by post, real people share real details of their real lives.

Today I'm going to talk about this shift to real identity. For us, we believe it's about people, with three topics. The Web is about people; marketing is about people; and you can use this to connect with people.

So first, the Web is about people. We believe the shift that Facebook is empowering in the world is a shift from the information Web to the social Web. As I said, when we first got online, we were all anonymous. We were topic-driven. It's much of how the Web is still used today. I go to a site; I have a topic in mind. You start out knowing what you're looking for in much of what you do on the Web. Facebook's entirely different.

For those of you—and I know since I'm in Canada this applies to many of you —who come to Facebook, you don't come to Facebook looking for a specific topic. You come to Facebook to hear from the people you want to hear from. If I walked up to you in the hall today, I might ask you a specific question, but I'm more likely to ask how you are and then you can tell me anything you want to tell me. That's how Facebook works. I get online, I get on my Facebook page or I upload my mobile phone, and I get to hear from the people I care about and read whatever they want to tell me. This is much closer to how we live our real lives.

We believe this is why people are spending so much time on Facebook. Globally we're the number-one site people spend time on. In Canada we're number two after the Microsoft sites. But the time people spend with us has dramatically increased over the last number of years, with our average user in Canada spending five hours and 39 minutes with us per month.

Now this is because, as I said, people are sharing their real lives. Some people take this incredibly seriously.

Facebook connects people in truly extraordinary ways. There was a woman named Cathy. She went on Facebook for her 20th high-school reunion. She saw the page of a friend and on that page was a link to a friend of his named Beth, a woman who was a mother of two who had one kidney functioning at 10 per cent. Cathy got on that page and learned about Beth, got tested, and eventually donated her kidney to save Beth's life.

Organ donations are a huge problem worldwide. When I studied economics in college, we studied this. Economists call it the invisible victim. In the United States there are over 108 thousand people on the organ-donation list, but those people are the invisible victims. It's really hard to take action to save the life of someone who's just a number. This is different. Because Facebook allows us to put our real identity online, a woman named Cathy saw a woman named Beth and saved her life. Facebook makes all of us visible.

Now Facebook makes some of us more visible than others. In January of this year, a man in San Antonio started a Facebook page and said we should get Betty White to host "Saturday Night Live." By the end of March, 500,000 people had joined this page, and in May the "Saturday Night Live" producers allowed her to host "Saturday Night Live." Now you might want to know how she repaid us.

Betty White on "Saturday Night Live" said, "You know, I have so many people to thank for being here. But I really have to thank Facebook. When I first heard about the campaign to host 'Saturday Night Live,' I didn't know what Facebook was. And now that I do know what it is, I have to say, it sounds like a huge waste of time."

Thanks Betty. No good deed goes unpunished. Well most of us, myself included, don't get to host "Saturday Night Live." We live more private lives, but Facebook is still part of our daily lives.

Since Facebook reflects our real lives, no two pages are exactly alike. If I look over two people's shoulders and watch them use most of the Web, what I'd see would be pretty much the same. If you look over two people's shoulders and watch them use Facebook, what you'll see are two entirely different experiences because Facebook is always personal to every single person.

On the Web today, there are 80 million active Web sites. There are over 500 million Facebook profiles that are active on a monthly basis, each of these representing an entirely personalized conversation. So the number of profiles has really started to dwarf the number of Web sites showing everyone the power of personalization. And because of this, Web sites are increasingly working with us to personalize their site.

You can log in with your Facebook users and then on the bottom of the page you can see your Facebook activity, comments your Facebook friends have posted, and articles your friends want you to read. This is really important because if you go around the Web you see all the comments people make. Some of them are maybe of varied quality or you don't really care what the people are saying. When you see a comment on an article from a friend of yours, that makes a really big difference. This is driving a lot of referral traffic around the Web.

Increasingly, Facebook's one of the top referrers. We're the number-two referrer all over the Web, all over the world. The Globe and Mail, when they implemented Facebook log-ins on their site, saw an 81-per-cent increase in traffic from Facebook. And importantly, people find that people are more engaged. The National Hockey League, I know hockey is huge here, saw that people who logged in with Facebook read almost two times the number of articles as people who didn't. Once again referrals by a friend make all the difference. The Web is becoming connected the same way all of us are connected to each other, not through algorithms, but through real friendships, real relationships.

Today, everyone's a marketer, whether you work in the government and you're reaching your constituents, whether you work in a non-profit and you're reaching potential donors, whether you're running a business and you're marketing to your own employees or you're running a business and you're marketing to consumers. Every single one of us, anyone who's trying to reach anyone, is a marketer in our language. So, along with the Web being rebuilt around people, marketing's becoming more personalized too. And this makes sense. For those of us, once again, old enough to remember when the Web happened, it was going to fundamentally transform marketing. Does everyone remember this? No longer were we going to talk at people, we were going to listen.

No longer were our commercials going to talk at people, there was going to be a two-way dialogue.

What happened? The Web was fundamentally still a one-way communication and fundamentally not yet about real identity. So for the most part, people took their TV commercials, they made them a little shorter, and they put them on YouTube. They took their banners, they made them a little bit of a different format, and put them on the Web. They took their smaller ads and they put them on search. All of these are great experiences. We, of course, believe in online marketing, but they're not truly two-way. All of those are marketing vehicles which talk at. Not Facebook. Facebook is a two-way dialogue.

If you look at someone's profile, you see not just their friends, but you see more commercial or more reach-out activity. You see the artists they like. You see the politicians, the brands and the products. And that makes sense because who we are, the coffees we drink, the shoes we go running in, are all part of our real identity. Our goal is to map out all of these connections. We are mapping out from person to person and also from person to brand, person to politician, person to product. Both actions form an ongoing connection. Each day, 15 million people friend someone on Facebook. Each day 50 million people like a page, which is when you make that connection to a more commercial or more public entity like a politician or a brand. That means that people are telling us that they want to do more than three times the amount of connecting with those public entities as they do with friends. This is what people are doing on Facebook.

Lady Gaga is our most popular celebrity on Facebook. She has 20 million likes. Now if you think about how you historically would have related to Lady Gaga, you would have bought her album, sorry, that dates me a lot, you would have downloaded her music from iTunes and you would have followed her, maybe gone to a concert, or maybe seen an interview she did for Rolling Stone. Now what happens? She's an active poster. So people like me, who are her fans, get to see and feel like they get a little piece of her every single day, fundamentally changing the relationship we can have with someone like Lady Gaga.

Government's a big part of the social graph too. Early in November, on November 11, you honour Remembrance Day for the men and women who served your country during the war. Your Department of Veteran Affairs Canada last year created a page and now over 250,000 people have liked this page. What's really exciting about what we see the Veterans Affairs Ministry doing on this page is it is not just driving people to be active for Remembrance Day, which I know is coming up and so many people are wearing those lovely flowers, but it is driving people to be active the rest of the year. It's not a one-day thing because those 250,000 people get to hear from Veterans Affairs regularly. They can take that experience and extend it throughout the year.

Consider Aboriginal Canadian Veterans Day in June and National Peacekeepers' Day in August. People really respond to these posts. One of these posts got 1,600 photos of friends and family who have served in the war. And when they reminded Canadians that Veterans Day was coming up, they got 2,000 likes. So with a government ministry or a Veterans Affairs group trying to reach people directly, this, as they've told us, is the best vehicle they've ever had.

We're also working with law enforcement to help with things that matter most. In New Brunswick, Prince Edward Island and Ontario, we've launched amber alerts with the local police forces, so when a child goes missing, they can use the power of each community to find that person. When a child goes missing in Ottawa, for example, a status update will be posted to immediately reach 90,000 people who are on Facebook to help find the missing child.

Brands are also a really important part of the social graph. Toyota, a company that's had a long-standing, very deep and positive relationship with its consumers obviously has had a different challenge to face over the last couple of years. What did it do? It really wanted to reach out to its consumers. So working with Saatchi & Saatchi, it developed an active listening campaign and rather than go out and say to consumers, "Hey, we really care about you; we care what happened; we're going to make sure our cars are really safe," Toyota asked its customers to post their stories of what Toyota meant in their life and what it got was its customers telling each other this company stands for something that I'm for. This company has been a big part of my life. They then turned this into a campaign that they ran on Facebook and TV, taking their guidance from their customers directly. Here's one example.

One customer, Erica, got a free car as a surprise from Toyota. That's the kind of thing car companies have had to do and they hope people tell one or two people, but because Toyota used Facebook to do it, all of their consumers were able to see that interaction.

Brands have always talked to people. This is what marketers have done for a really long time. On Facebook, there's an opportunity not just to talk to, but to really listen. Because people are spending so much time on Facebook, more and more brands and companies and non-profits are starting to make Facebook their main online destination. Look at some of these numbers. Look at the visitors to these groups' Facebook page compared to the visitors to a Web site. You might as well go to where the people you're trying to reach are. If you're trying to reach people, of course you can build your own Web site, but it's actually quite hard to get people to come. Start a Facebook page. People are on Facebook every day. Go to where your customers are. It's a better way of communicating with them than trying to get them to come to you.

A recent status update from Nabisco's Oreo said, "If milk could talk, what would it say to an Oreo?" Eighty-three hundred people liked it; 6,400 answered. Another one said, "A friend is someone who shares an Oreo; a best friend is someone who will share their last Oreo."

Nineteen thousand people liked it. I have a three-year-old and a five-year-old. There was one Oreo left. I tried to explain to the five-year-old that if he shared his Oreo with his sister, that would make them best friends. He just looked at me as though I was kidding.

Interactions like this led 10 million people to like Oreo on Facebook; 330,000 of those people are in Canada. The social graph does not just connect companies or government bureaus to their customers or constituents, but it connects customers or constituents to each other.

This is the Sephora page, which is a beauty store that operates globally. What's amazing about this page is not just what Sephora does on it; it's what the consumers of Sephora have all done together. There is someone on this page who gets on and says good morning and good night to everyone else every single day. It must be when she puts on her makeup and takes off her makeup.

Sephora gives out a travelling package which has 30 little products. Customers of Sephora on this page, without Sephora being involved, started sharing those products. You would keep the 15 you liked best and pass the other 15 on to another customer until everyone got the 30 products they most liked, forming a community around Sephora.

Building connections has also worked locally for Molson. I hear people like beer here. Is that fair? Four hundred and thirty thousand people are connected to Molson on Facebook. It's a really active group. It's seen a 21-percent increase in engagement, and by running an ad with us for an event it was having, a keg party, it got a 25-per-cent increase in RSVPs. It makes sense because by using Facebook for its advertising it wasn't only showing itself to customers, but friends were recommending that they go.

This is one of the best examples we have globally of a company actually listening to and interacting with its customers. Molson takes the time to respond to almost every post, serving the needs not just of that consumer, but of all the other consumers around them who get to see this activity.

Marketers have always known that a recommendation from a friend is the best kind of marketing. When a consumer has a good experience, what you hope they do is spread the word. When that happens offline, you're lucky if that person tells one person or maybe two, maybe three. On Facebook, you're sharing with an average in Canada of 190 people. So if I take an action because I like something, it spreads virally through the network. This is the elusive goal, the holy grail of marketing. Make your customers into your marketers.

For brands and constituents, or anyone, who invests in getting Facebook fans, Facebook likes up to a large count, your fans become your endorsers and it's important to understand how this works. Tim Hortons has almost 1.2 million fans in Canada. Whenever Tim Hortons runs an ad on our site, because they have so many fans, 1.2 million over a base of 15 million, almost everyone in Canada who sees that ad also sees a name of a friend who likes Tim Hortons. What happens? We've studied really carefully the difference in the impact of two ads—one that has your friend's name on it and one that doesn't. Unsurprisingly, the differences are huge. From 200 Nielsen studies, when an ad has your friend's name in it, you're 68 per cent more likely to remember seeing the ad, you're 100 per cent more likely to remember the ad's message—that's double—and you are 300 per cent more likely to purchase the product. That means that when you invest as a marketer in getting your fan count up, you are investing in the people who will be endorsers of your product.

People-based marketing does not just help people remember messages, but really importantly, it drives people to sales. Einstein's Bagel is a U.S. bagel store. They have a couple of hundred stores around the U.S. When they started last year, they had about 5,000 friends or likes on their site. They decided they wanted to advertise. They started advertising and gave free bagels out before they started advertising to friends. They got their fan count up to 50,000. They then put an ad up on their home page and that 50,000 became 300,000 fans. Importantly, that week and the following week were the best sales weeks that Einstein Bagels had for the year.

When you put people at the centre of your marketing and empower them, no matter who you're trying to reach for what purpose, these are the kinds of results you can have. This is effective word-of-mouth marketing and for the very first time you can do it at scale. All marketers, politicians, non-profits, brands, have always tried to put people at the centre. They've taken many approaches, but it's hard to reach your mass audience with a personal touch. On Facebook, you can do word-of-mouth marketing at scale for the very first time.

On any given day on Facebook, you can reach 250 million people. We have over 500 million active people on a monthly basis; 50 per cent come back every day globally; 62 per cent come back every day in Canada. In Canada, on an average day, you can reach more than nine million people. That's four times as many people who watch Hockey Night in Canada and you can do this every day, every day of the week, all year.

One of the things that has always been effective is creating a really emotional message. A great example of doing this was Nike's Write the Future for the World Cup campaign, which was a global campaign they launched on Facebook. This combined really inspiring creative with the global power of their brand. The results were really incredible. Their ad was seen 2.5 billion times. Over three million people said they liked Nike Football. Nike's three-minute Write the Future video played over 6.4 million times and, importantly, you have to click to play a video on Facebook, so that's 6.4 million people who actually wanted to watch that commercial and did. These actions drew 169,000 organic impressions, people referring it to other friends. This is friends telling friends about Nike.

Our Nielsen results told us that this worked. Thirty-eight per cent of the people who saw the ad on Facebook remembered it. And when asked who sponsored a three-minute video called Write the Future, 52 per cent had unaided brand recall—a really amazing result.

We think this kind of impact is possible for anyone. The Web is being rebuilt around people. Everything is being rebuilt around people. If you want to reach people for any purpose, whether they're your employees, your colleagues, your roommates from college, or the people you're trying to get to vote for you, support your non-profit or market, we think this is the way it will be done, one by one on Facebook, but at scale.

We think this is a revolution, not on a let-them-eat-cake march in the streets of Paris kind of way, but in a quieter way, in an amplification of voice, the kind of voice that gets people to donate organs to complete strangers, the kind of voice that lets you invite your friends to the things you want to invite your friends to, the kind of voice that lets all of us, update by update, photo by photo, share our real lives.

Thank you for being here. Thank you for all your Facebook activity and I'm really happy to take your questions.

Question

Thank you Sheryl. Can you tell us the story of how you met Mark Zuckerberg and how you came to work at Facebook?

Sheryl Sandberg

Sure. I'm an Internet veteran. I've been in there for about 10 years. That makes me very, very long-standing. I was at Google and I went to a holiday party at Dan Rosensweig's house. He was the COO at the time of Yahoo. It's a very small world in Silicon Valley. I met Mark and we started having this real work conversation and systematically spent a bunch of time together. It's a really interesting decision if you're me to go to work for a now 26-year-old, then a 23-year-old. You have to really think about that. Mark and I really, I think, took the time to spend a lot of time together to make sure that we were really philosophically aligned. It's been great. If any of you saw the movie, he's not like that. He's really awesome. He is.

Question

What do you think has been the impact of Facebook on democracy and how is social media changing democracy?

Sheryl Sandberg

We don't pretend that everything we do rises to the level of democracy. We enable a lot of people to poke fun at each other and invite each other to a lot of beer parties too, but because we, as a company, give everyone voice, we definitely think that the movement towards democracy is something that's really helped by Facebook.

In Columbia, an unemployed engineer started a page called A Million Voices Against the FARC, a terrorist organization. A couple of months later, in 160 cities, a million people marched against the FARC around the world. If you look at what happened in Iran during the election, Facebook was a very active tool, along with Twitter and other social networking tools. We believe in individual voice. We believe in democracy and our product can be used to further that. It's something we're really proud of.

Question

Is there a difference between popularity, i.e. Lady Gaga, and influence on Facebook?

Sheryl Sandberg

I think there probably is and I think that's something we all know. The nice thing about Facebook is we provide a technology, which is very intuitive. People use it the way they use everything else. I think we all know as individuals the things that influence us and the things that we look at as more popular. I think that is why it is such a great tool for influence. In the United States a couple of years ago, people called Obama's election the Facebook election. We were really proud of that. More youths voted in the U.S. election than they normally do and importantly, people of all ages felt that they were part of his campaign and part of his bid for election. No matter where you fall on the political spectrum, being able to have a more direct connection with the people who represent you, I think, is really, really important.

Question

Tell us about the similarities and differences in your experience at Google and at Facebook.

Sheryl Sandberg

It's really interesting, that people ask a lot about the different cultures between Google and Facebook and I would say that compared to any other industry, these companies are quite similar. They are both Silicon-Valley-based founder-led technology companies working a couple of miles from each other, and if you compare those to a beverage company, a CPG company, or a travel company, they're incredibly similar.

In the little bubble which is Silicon Valley, they're very different cultures. Google starts from a different place and

Google provides an incredibly important service, which is helping you find information. Google looks at the behaviour of the wisdom of crowds, algorithms based on Web usage around the world, to give you the best information they can for every search you do, algorithmically-based links getting you to information quickly. Once again, this is hugely important.

Facebook starts from a very different place. We don't care if the whole world likes something. We think what's more relevant to you is what your personal friend does, or the wisdom of friends. It's just a completely different approach to giving people information.

Question

What is Facebook's plan with face-recognition technology and what are the biggest threats to Facebook?

Sheryl Sandberg

We are the largest photo-sharing site in the world by far. We have more photos posted on Facebook than site two and three combined. It's actually really interesting when you think about how to build consumer Web products. If you lined up our photo product next to other photo products and made a list of all the features and you were going to decide which would be the biggest, you definitely wouldn't pick ours. Think about what we don't do. We don't print. You can't use Photoshop. There's a lot you can't do. You can't rotate the picture. We basically do one thing really well. We let you show photos to your friends. It turns out that the ability to identify a person, and to show your friends what photos you're in, is so important that that one feature is more important to growth than any others. That's how we design our products. We think of it as social design.

The biggest threat to Facebook is, I think, making sure that we continue to help consumers use the product. We are growing all over the world. We are very, very dedicated to continuing to stay innovative and roll out new products, but Mark and I understand that every company that's ever been formed is dedicated to staying on the cutting edge. It's really, really hard to do over long periods of time. I think we're trying to do the things we can to make sure we stay a very innovative company. I think that's just a really, really huge challenge.

Question

What advice do you have for people in the media industry, those who use social media in terms of your experience with fast-growing Internet companies?

Sheryl Sandberg

Buckle your seatbelt. Keep your sense of humour. The media world is so important we all want to see newspapers survive, as they're so important for democracy. The way content is shared and distributed has fundamentally changed. Distribution was very expensive and now it's basically free. That presents really serious business challenges for these companies. I think the most important thing is to find a way to give people content in ways they want to see it and in places they want to go. I think the newspaper industry knows this. We can't only deliver content on papers delivered to your door because if you're under a certain age globally, you don't read the newspaper that way; you read it online. Increasingly you read it on mobile devices.

I think for media companies, the most important thing is to try to follow your consumers and try to deliver content in ways that they really can get the content you're trying to send them.

Question

Do you see Twitter as your competition?

Sheryl Sandberg

We think Twitter's really important. Twitter represents part of the same movement we are part of. When the Facebook status update came out with that little "What are you doing now? What are you doing today" message on top, about four years ago, people said, "Why would I post that; why would I tell anyone what I'm doing today." There are people who post silly things you don't want to see, but there are some people who post all day long and it's quite interesting. Twitter is part of that same movement. We believe a lot can be expressed in 140 characters. We believe that the world is moving away from long form to short form and it really works.

It's funny. We've just re-launched our groups product a couple of weeks ago. I have a group of—there's seven of us—girlfriends from childhood I'm still super close to and they don't live anywhere near me and I could not get them to use Facebook. It was just so sad. So we all sent each other these e-mail updates where once a month we would write to each other about what happened to us that month. When the group's product re-launched, I finally, because they were convinced that they could figure out how to use it, got them all to actively use Facebook and now I get messages from them all day. One person's taking their kid to the doctor, one person was giving an important speech in D.C. and it's so much more satisfying because I'm sharing their daily life in a way the once-a-month update just can't do justice to. We think that's what's happening in the world. We're a really important part of that movement and so is Twitter.

Question

How was Facebook used by the Obama campaign?

Sheryl Sandberg

The Obama campaign didn't just use Facebook; they used everything. The Obama campaign did what we suggest people do—Obama communicated on a daily basis to his constituents. This is really important. Think about your experience in an election cycle. You have a candidate you really believe in and you really want to be involved. You can donate money or you can donate time, but even the most active volunteers probably aren't donating every day. They're not standing there every day. So this kept people engaged daily, much like my friends' daily expressions being better than that monthly update. The daily update from Obama kept people who otherwise had really busy lives, but really wanted to be involved, with a sense of ongoing engagement.

Question

How are you monetizing the business?

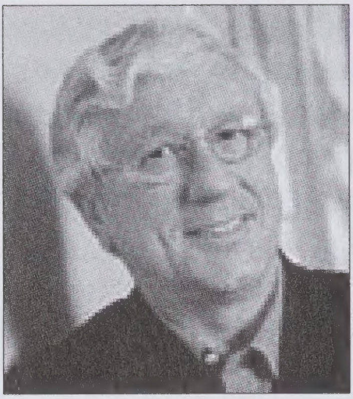
Sheryl Sandberg

We are an ad-based model. Facebook's free. I love saying that publicly because every single time I do, someone writes a newspaper article about it. I feel like I've said this 100 times, but yet again, if anybody wants to write about it, Facebook's free. We're committed to staying a free consumer product. We monetize through advertising.

A lot of what people see on our site is very organic. If you look on the home page, there's an ad on the side and on other pages there are a couple of ads down the side. Those are people who are buying ad inventory to help reach their consumers. Interestingly, because Facebook is a place where you naturally share, when people see ads from companies or products they like, it's a really natural and easy way to share that, so it goes very virally through our site.

Thank you.

The appreciation of the meeting was expressed by Jordan Banks, Managing Director, Facebook.



November 10, 2010

Chris Rudge

Chairman and CEO, 100th Anniversary Grey Cup Festival

INFINITE GREATNESS: TORONTO'S GOLDEN PURSUIT

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Noble Chummar, Partner, CasselsBrock and Blackwell LLP, and Director, The Empire Club of Canada; The Hon. Minister Margarett Best, MPP, Minister of Health Promotion; Ian Troop, CEO, Toronto 2015 Pan American Games Organizing Committee; Rick Brace, President, Revenue and Business Planning, CTV Inc.; Joe Halstead, Board Chair, Ontario Place Corporation; Geoff Wilson, President and CEO, Toronto Port Authority, and Director, The Empire Club of Canada; The Hon. David Braley, Senator, Parliament of Canada, and Owner, Toronto Argonauts and the BC Lions; Roger Garland, Chair, Toronto 2015 Pan American Games Organizing Committee; Heather Hiscox, Host, CBC News, and Canadian News Anchor, Canadian Broadcasting Corporation; Bob Nicholson, President and CEO, Toronto Argonauts Football Club; and Mark Grimes, City Councillor, Etobicoke Lakeshore, and Chair, The Argos Foundation.

Introduction by Tim Reid

Chris is a guy that almost needs no introduction.

We all know him as the former Chief Executive Officer of the Canadian Olympic Committee, the former Chairman of the "Own the Podium" Steering Committee, and the former senior business executive extraordinare with Quebecor World Inc. where he spent over 12 years.

And many of you may also know that before the start of his super-star business career, he was an athlete, teacher, coach and administrator.

He began his professional career as a physical education teacher with the Toronto Board of Education.

He was also a professional lacrosse player, playing for the Syracuse Stingers of the National Lacrosse League and he—lucky man that he is—had a chance to coach the Canadian national field lacrosse team.

What you may not know about Chris, though, is that he is a man with a mission. He is a man with great ambition and great determination.

As the current Chairman and CEO of the 100th Anniversary Grey Cup Festival in 2012, he has seemingly small ambitions!

He is determined not only to put on the best, most inspiring 100th Anniversary Grey Cup Festival and 2012 Grey Cup games but is determined to transform the City of Toronto in the process.

It is an absolute pleasure to have Chris with us here today. I think we are in for a treat.

Through his leadership of the Canadian Olympic Committee and the "Own the Podium" Committee, he founded a vehicle that touched the soul of the nation. The quest to "own the podium" allowed Canadians to dream big and inspired us to not be timid to pursue excellence.

At the 2010 Winter Olympics, Canadians won the highest gold medal count ever achieved in the 86-year history of the Olympic Winter Games. We not only inspired a nation but we were also an inspiration to the world.

Drawing on these experiences, Chris will talk to us about how we can use the forthcoming Pan American Games and 100th Anniversary Grey Cup Festival in 2012 to transform the City of Toronto.

Without further ado, please join me in giving a warm welcome to Chris Rudge. Chris Rudge, the stage is now yours.

Chris Rudge

It's a pleasure to be here. Tim, you're a little effusive with your praise, I think, but you didn't go over the line.

Sometimes, you know, people introduce the guest speaker and get a little carried away, thinking it is their moment to shine in the sun. I'm reminded of the story of someone who was going to introduce the great Canadian writer from the Prairies, W.O. Mitchell. This was his chance to be very loquacious and talk about all of the works of W.O. Mitchell, everything he knew about him, his childhood and he went on and on and on as though it were his speech. W.O. Mitchell, of course, was a man who didn't suffer fools gladly and at the end of this introduction, this chap said, "Now, Mr. Mitchell will give us his address." W.O. Mitchell stood up and said, "My address is 11 Elm Street, Saskatoon," and sat down.

So, Tim, you didn't go too far. People did pay money to be here so we'll carry on with my address, which I won't give out to prevent my lovely wife sitting back here at table 22 from getting upset.

I love this city. I used to travel all over the world on business with Quebecor, which had companies throughout Latin America, Europe, and India. I've been to China a lot and travelled a lot with the Olympics. Do you know what really bothers me? You're watching CNN and you might be sitting in a hotel room in Montevideo or Sao Paolo or Beijing or Delhi and it always gives the weather from the major cities of the world. They come to Canada and it's always Vancouver or Montreal. What about Toronto? We're the most wonderful city in the world. We've got to get our light out there, get out from underneath this bushel. It has always bothered me. This is a fabulous place.

I grew up in Malton out near the airport, and I can remember two things that always jump into my mind when I think about this city. It's ironic that they do and they're funny. The first time I ever came to downtown Toronto was in the early '50s. I was about eight or nine years old. For some reason Dad had to bring us downtown and he loaded us into our old '41 Dodge. We came downtown across the 401 and were coming down Bayview Avenue. It was very, very busy then. I think it was still a fairly wide road. I came from fairly humble beginnings and sport was a big part of our life then. We came down Bayview Avenue and there are all these big homes on either side of the road, these big mansions. I didn't even think, "Look at the houses these people have." My first thought was, "These poor kids; where do they play ball hockey?" I didn't know they had ball hockey courts in their back yards and they called them tennis courts.

The second thing that sticks with me and I share this with you. They show the skyline of Toronto all the time. It's always from the islands looking across the water. I drove a taxi for four years at night while at the University of Toronto and I can remember the end of a shift and it's getting quiet. I take my cab and I go and get a coffee. There were no Tim Hortons in those days. This was the late '60s. I would take my car and I would park on Broadview Avenue, just south of the Danforth where you come to Riverdale Park. If you sit there at 2:00 o'clock in the morning and look out across the blackness of Riverdale Park there's a beautiful, magnificent skyline of this fabulous city there. There's no view of this city like it and I still get goose bumps when I see it. I still go out of my way to take that drive at night. We really do live in a wonderful place. I think we have the energy in this town with some of the events coming up and the leadership of people like Ian Troop on the Pan Am games and many of the others to really galvanize this community in ways that we haven't in the past.

I want to talk about some of the things that we learned in Vancouver that I think are very informative and can help us. First, let me start with a phrase, because I'm a big believer in ideas. Victor Hugo said, "An invasion of armies can be resisted, but not an idea whose time has come." And the idea whose time has come, and come very, very timely for the Olympics and many of the things that happened there were very, very informative for us as Canadians and citizens of this community.

On the streets of Vancouver, we saw things happen to Canada during the games that I've never seen before. There was a sense of giddiness and pride in being a Canadian that we felt in unique ways. There were people from everywhere. It didn't matter what their background was, and they were lined up all day long. I had an office in the Hudson's Bay building there. That's where we kept our Canadian Olympic Committee (COC) offices at the time. The people were lined up from 6:00 or 7:00 in the morning all the way around that Bay store buying their Canadian gear, dressing up, and expressing a sense of pride in what they are or what we are in this country in ways that I've never seen before. And they were all Canadians. We took away and de-hyphenated what it meant to be Canadian. They weren't Chinese-Canadian or Indian-Canadian or Polish-Canadian. They were Canadians from every conceivable background all wearing their Hudson's Bay gear and celebrating the sense of what we were as a country and sharing it with the rest of the world that had come to visit us.

I had many friends who said, "Chris, I'm going to go out to the Olympics, but I don't have a ticket." I said, "Don't worry about it; go." It's not the events. You can see a hockey game any time. You can watch luge on television or cross-country if you're so disposed. What you will take away from the Olympics is your ability to share humanity and your Canadianism with people in ways that you have never done before and you'll learn a lot about yourself and you'll feel a lot better about yourself. I think the Olympics has transformed us as a country in many, many ways. We need to do those kinds of things in this community.

The second big legacy that I took away from those games was the power of the Olympic torch. I've never seen anything like it. For many Canadians, until the torch started, the games themselves were this abstraction. It was something that was going to happen sometime and it was going to be exciting. We were going to watch sports and the Olympics are exciting, but it didn't touch us. We weren't part of it.

But once that torch started across the country, with the fantastic coverage that our friends from CTV did, and Rick Brace is here and many from the Olympic consortium are here today, that torch touched all of us. It became a symbol for something that we could all relate to. It was ours. That torch went within one hour's drive of 90 per cent of the population of this country. The phrase I use is that it wended its way across the country like a metaphorical zipper bringing together and drawing together the fabric of our nation and we learned a lot more about ourselves as we saw it go through the various communities and saw the giddiness with which people touched it and were around it and were close to it. I remember running it myself. I ran it across the bottom of Blue Mountain. I can't believe that 300 metres could have gone so fast or in fact that I even finished running 300 metres, mind you, but it was just a tremendous experience to be part of that.

But I think the greatest legacy that we're going to take away from these games and one that really has taught us a lot about ourselves was the whole own-the-podium experience because own the podium was so un-Canadian. It became an audacious expression of our ability to set very bold goals and objectives and not be ashamed to stand up and say that this is what we're going to do. I can remember when we first started off people would say in the media, "Chris, you're crazy. You're putting too much pressure on the athletes," and on and on.

It was a collaborative effort of everybody who was engaged in sport leadership. Sport Canada was involved and the people that ran the Calgary Olympic Development Association (CODA) and the people that ran the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC), the Paralympic Committee, the Canadian Olympic Committee and the 13 winter sports. It was a collaborative effort where we sat down under the inspiration of a young man named Mark Lowry who tragically died of cancer on the way through the journey to the Olympics who said we've got to do something different in these games. We had hosted two Olympics. We hadn't won a gold medal at home. We can't let that happen again. We needed a different program. So we sat down and said, "What can we do?" From that collaborative effort, we did an assessment of the strengths and weaknesses of our program and the winter sports came back and said, "If you can get us $110 million, we think we can be number one." What an un-Canadian thing to do. We don't talk like that.

I remember when I first came on board with the Olympics. There was an article in the Globe and Mail by the wonderful writer, and columnist, Jeffrey Simpson, who was reflecting upon our results in 2002, the last winter Olympics where we won 17 medals and we tied for fourth place, but there wasn't a lot of celebration. He said, "Unfortunately, in this country we don't celebrate those who choose to be better, who invest their time, who are born with greater skills." We almost look on those who perceive themselves to be elite as those who have somehow achieved that through honour and privilege. Well those that are elite deserve to be celebrated and we deserve to try to be the very best we can be so we changed that around.

We're no longer in this country the way we were for many years. I use the story of the guy who walked down a pier in New Brunswick, on the border of New Brunswick and Maine. There were two lobster fishing boats at the end of the pier and on the one side there was an American boat and on the other side there was a Canadian boat. He looked at the American who was piling the lobsters into the bin. It filled up and he quickly threw a lid on top. He said to the American lobster fisherman, "Why are you doing that?" He replied, "Well, if I don't put the lid on, these lobsters are out of here and they're gone, so I've got to keep them in there."

He went to the other side of the pier where there was a Canadian lobster fisherman and watched him throwing the lobsters in the bin. There was no lid. He said, "Well this is strange. Sir, I see your American counterpart over there putting a lid on top of the bin and you're not doing that. Why's that?" He replied, "Well, those are American lobsters. They all escape. These are Canadian lobsters. Whenever a Canadian gets to the top, the rest reach up and they pull him back down."

Well, we have gone beyond that. When we established the own-the-podium program, we were not afraid to say that we wanted to be the best we could be and we worked hard to achieve that and lo and behold, we did it but it wasn't easy. When we started off, the results weren't there, but as the games went on and as we started winning more and more, the phrase "own the podium" became a phrase that transcended sport. It's become within the lexicon of expression in Canada—a phrase that says we want to be the best that we can be.

I do a lot of corporate speaking. People ask how they can own the podium in their business. Can we apply what you learn from sport to what we're doing in business? It really is very simple. You set goals. You set objectives. You get the resources in place to win. You decide what you're good at and what you're not good at, but you have the confidence to inspire your people that they can be there and that they can do it and any company can do it. It's changed what we are. I think it was the greatest legacy that we brought out of these games.

As we move forward, we have the power to change things within this city. We have a magnificent community. The things that have gone on here recently have been transformative in and of themselves. The architectural achievements with the museum, the art gallery and so on have been very, very transformative. We have tremendous festivals throughout the city—Nuit Blanche, the Taste of the Danforth and the Gay Pride Week annually throughout this city, Busker Fest, and so on. We do tremendous things here. We've brought tremendous one-off events here in the past—world championships, etc. We have individuals in this city who don't need to be told or be led to do something. They say, "I'm going to make a difference in this city." I'm going to make a difference because I'm going to create something that will make this a stronger city.'

Tony Gagliano's not here today, but he and David Pecaut didn't need to be told by any city council or anyone else that it might be a good idea to create something like Luminato to enrich all of our lives in the city. They went on and they garnered the energy of this city and they brought it together to do that.

The power of an idea is not limited to those who would say this is what I want you to do. It has to come from within yourselves. The power of an idea can change what we do. Look at Bob Ramsay down here. If you want to talk about the power of ideas and you want to get some good ideas, just sign up for Ramsay's lunch and breakfast series. You'll get an e-mail every week charging you $50 to go to a lunch or go to a breakfast. First of all, you get a provocative title that makes you think. Then you get the name of the person who's going to give the presentation and you get a little bit of a précis. If you're really cheap, you don't go to his lunches like I do. You immediately put it into a file and when you have some reading time, you Google up the guy that he was going to bring in and you read all about it. If you want to live in the world of ideas, there are lots of people who are taking the initiative to transform what we do here. Ramsay's environment is a very exciting one.

There are many things that we can do to change the city. Two projects that are coming up for us now are the Pan American Games and this small project that I'm going to be engaged in with the 100th anniversary of the Grey Cup.

Let's talk about the Pan Am games for a minute because I had the privilege to be engaged with many others in attracting those games to this country and this community and it was a wonderful exercise. People throughout North America, the Caribbean, Central America, and Latin America believe in Toronto and they're excited about coming here. It bugs me when I hear people in some of the sport media say that we won a B class event. It's not a B class event. It's the largest multi-sport event in the world after the Olympic games. The Pan American games are going to bring to this city four times as many athletes as were in the Vancouver games this past winter. They're going to build three or four times as many facilities. There are only 13 sports in the winter games; there are going to be 30 to 40 sports participating in the Pan American games here.

Historically there have been 30 to 40 world records established in the Pan American games. For most of those countries coming here for these games, this is their Olympics. This is where their athletes get a chance to get on a podium and win a medal, notwithstanding the fact that Canada, Brazil, Cuba and the United States are the bigger ones and will win most, but most of those other countries have a chance.

We have to stop thinking about whether or not it's big enough for us. We have to recognize that we're doing something for the part of the world that is coming here. The opportunities beyond just sport are huge. If you look at the evolving economy in the world right now, the States is suffering and it is in a decline. We have to make partnerships wherever we can and they have to be strong, robust and reach out beyond our traditional partnership boundaries. We have to recognize where the growth is coming from. The BRIC (Brazil, Russia, India, and China) are rising at tremendously rapid rates. If you've seen any of the economic data coming out of Brazil recently, you'll recognize it's got one of the most vibrant economies in the world. It's dealing massively with its social problems and it's changing itself. It's going to be a very important partner to us.

We have to use the power of the Pan Am games to bring people from that part of the world, not just for tourism, but for economic reasons and to invigorate and engage this city, to get the people in this city to recognize that they're going to be a part of something that's big. We need to create a legacy of volunteerism in Toronto the way they have in the prairie cities. You snap your fingers in Edmonton and 25,000 people show up for an event. We haven't run those kinds of events here, the kinds of things that they've done in many of the prairie cities and most recently in Vancouver. That legacy of volunteerism rolls on and applies itself to many, many other things. We need to engage those in our community to do that. We have to engage school children and on and on and on.

The Pan American games are going to be huge for us in this community in ways that we've never envisioned in the past. It's not a B class event; it's a significant major event.

The Grey Cup is going to come here two years from now. It is a major event and a great party down on the lake along with the Grey Cup football game itself. Senator Braley cornered me when I left the Olympic movement and said, "What are you going to do, Chris?" I said, "Well, I'm not sure. There are lots of options. Maybe I'll retire." Janet said, "No, no, please keep working." He said, "Listen, why don't you think about it for a couple of weeks. I've got this Grey Cup Festival coming up and it's the 100th anniversary. We could do some exciting things. Why don't you give it a thought and maybe you can jump in and work with me on it."

So I thought about it and I did that. It's been a great partnership. I've had a chance to get to know Bob and the Argos and watch the evolution of the Argos. The Grey Cup is the single largest cultural festival in this country every year. Mark has done such a tremendous job of turning this league around and raising the value of the brand. If there are any sponsors here, you've got to pay him more because he's done a great job. Forty-three per cent of Canadians watched the Grey Cup on television last year. You don't get those numbers anywhere. It's outstanding. It is the single largest cultural activity in this country. We have to take advantage of this for the 100th anniversary of the Grey Cup and it can't be just what we've done in the past.

Many people said, "Well, yes, the Grey Cup is a football game and it's an event that takes place down on the lakeshore. If you're a VIP, you can get a ticket, you can get to a lush party or maybe you can go and drink in a beer garden." It can't be that. We have to go far beyond that. The game has to be a catalyst for engaging this community in ways that we have never dreamed of in the past. We have to blow up the footprint far beyond that. We have to start working on this legacy of volunteerism that we want to create in the future. We should start training volunteers to build a platform for the base that he's going to need when he builds the Pan Am games a few years later. But we also want to invite the rest of the country to come here. I have this stupid dream and I've shared it with people in the West. Maybe, just maybe, this will be an opportunity to get the rest of the country to like Toronto. You think you're laughing here; you should hear them out there.

In Vancouver, when they say those eastern bastards, they mean Calgary. It goes downhill from there. I've got a big hill to climb, but I think that we can do it because we are great people. We have to step outside our traditional reticence, our shyness, and ask them to visit us. I have this catchphrase that I've been working on called an invitation to the nation. That's what I want this cup to be—an invitation to the nation. Come out to Toronto. Bring your money in and party with us. We're going to make you feel at home in ways you've never dreamed of. Even if I have to go so far as to say, "Listen, I know what upsets you. I hate Bay Street too. But we can do some different things here and we're going to do that."

I've talked to hundreds of people and we've got some tremendously creative ideas and we're going to do it in ways that you've never dreamed of in the past. We all have to get engaged in our community to make that change. We can't wait for Councillor Grimes or Mayor Ford to say, "This is what you're going to do," and then follow them. Their job's too big. It's like running a business. There are two elements. One side of the business is operational excellence; the other is strategic vision. We've got a council right now and a mayor. This is the last time I'll call him Mayor Ford because from now on he's Coach Ford. So Coach Ford and Assistant Coach Grimes have a big challenge in just running this city. We have to come up with ideas for them and ask for the support we need to get things done. We have to do what Tony does and what Bob does with his speaking, and what so many others have done in this city to make it a better place. We have to commit to it. You can't just pretend that it's an exercise and say, "Yes, yes, yes, I'm going to be there; that sounds great to me." There has to be a true commitment to it.

I'll finish with this story on the difference between merely getting engaged and actually getting committed. A man was out in front of his house one day and was pouring a new sidewalk. He was smoothing out the cement on a Saturday morning. His name was Bill. His neighbour, John, came out and he said, "Hi Bill, how are you doing? I see you're pouring a new sidewalk." He replied, "Yes, John, it's a great day isn't it?" John said, "Yes, but look at our kids playing in the yard. That's the really wonderful thing. Our kids are chasing each other around the yard and they're playing tag. What we do is we leave a legacy for our children." Bill, down there smoothing out the cement said, "I agree. I just love it. Our kids are so friendly and I know I've created something for their future."

Just then the kids came around the side of the house and they ran right through the middle of the new sidewalk. Bill stood up and said, "God darn it. You little sons of guns. Can't you see I'm pouring a new sidewalk here. Get up to your room for crying out loud. I'll see you in a minute." His buddy John jumped back. He said, "I can't believe that. A minute ago you were talking about the legacy that we're leaving for our children and how much you love the kids and how important they are." Bill looked at him and said, "Yes, but I love them in the abstract, not in the concrete."

So often in our lives we have values that are nothing more than philosophies of convenience. They're only values if we act on them. We can only change this city if we get engaged, if we volunteer, if we act and get out there and do something. We can't wait for somebody else to do it for us. We've got to find out what our niche is. We've got to reach out into the school programs. We've got to reach out into the social housing programs in this city and make sure we're a part of creating a future for everybody. We all have to be a part of that. We have to use these events and these vehicles as a way of galvanizing this community in ways that we haven't in the past.

The Argos are turning a corner under David's stewardship and Bob Nicholson's leadership and with Coach Barker. You don't want to be the guy saying I wish I'd bought Argo's season tickets last year. Buy some Argo's season tickets, give them to your friends, and we'll really change this world.

Thank you very much.

Question

I know some of the plans aren't firm yet. Nothing is really public yet, but you mentioned Toronto has hosted Grey Cups before. They've been good parties. Can you give us a sense of how this one is going to be different?

Answer

Well, first of all, we're asking for more resources. We've asked the provincial government to be a partner. We believe that it will be. It's no secret I've been up on Parliament Hill lobbying for federal support and have been doing that for a lot of years. It's going to be a much bigger national celebration than it's ever been. It's not just going to be confined to the area around the Convention Centre and the stadium itself. We're going to blow it up considerably and we want to take it far beyond that. Not everybody's a football fan and we don't expect they're going to be, nor was everybody who went to Vancouver a luge fan or a cross-country fan. They wanted to be part of something that stimulated them and be part of the action. We want to stimulate other things in this city.

I was on the board of the ballet for years, as well as the symphony and the opera. They're all struggling to find new patrons, new people to get engaged. Why can't we take over the opera house for the week and find a way to offer free opera and ballet and symphonies to the citizens of this country or this city? Why can't we take over TIFF and run a football film fest for the entire week in partnership with TIFF and engage people? We want reasons for people to ask what's going on in downtown Toronto. It's going to be an exciting place to be.

Question

It's easy to get caught up in the plans. It's so exciting when Chris explains it, but here's a question that brings us right back to reality and you alluded to that at the beginning. How can you be sure Ottawa will give you the money for all this?

Answer

We have a plan that's scalable. I've shared it in intimate detail with Senator Braley, who's the owner of the team and my boss. Our plan is scalable so we're starting off with a bigger plan and a bigger footprint because we think we can self-generate enough money to do things that we haven't done in the past. With the support of the province, we can scale that up and if we get the federal money, we can make it even bigger. So it will be a scalable plan. It will be a lot bigger no matter what happens. The federal government recognizes the importance of cultural events and has a long history of supporting them. We think that we've created a very compelling reason for it to be a partner in this.

Question

There's a wonderful piece on Google that Chris wrote after the Olympic games in March and I just grabbed it knowing I was coming here. He talked about how Canadians reacted to own the podium. He said, "When we first told Canadians about our goal, many eyebrows were raised about the whole notion of owning the podium, but the time has come." When you talk about the invitation to the nation, how will you convince Canadians that the time has come for that kind of celebration around Canadian football?

Answer

Well, we've got two years to do it and it's not a celebration of Canadian football. The football game is the catalyst for it. Everybody knows about it. Most Canadians at some point say, "Well, it's Grey Cup Sunday. I'm going to sit in my basement with beer and chili," or if they're lucky, they're going to go to Toronto. If they're here, they're going to go to the game, but we have to talk about the other opportunities. I think we have to open up our arms and our hearts to the rest of the country and ask everybody to be here. We've been talking to Tourism Toronto already. We have to think outside the box.

Nobody has a monopoly on ideas and nobody's smarter than everyone, especially me. I steal good ideas wherever I can find them. I've got an ideas icon on my computer and I tap on it every day because every conversation I have with someone produces an idea and it goes on there. I've got seven or eight pages of bullet points of ideas that just keep on growing and growing and growing. Some may work and some may not, but the ideas will come from there. I hope I'm easy to get hold of; send an e-mail. What about this? Have you thought about that? There's no monopoly on this kind of thinking. This is for all of us to share in.

Question

Back to the Pan Am games you were talking about earlier. How important is it that Ontario athletes own the podium in the 2015 Pan Am games and what resources do they need to achieve this?

Answer

That's five years from now. We started a couple of years ago and combined with the own-the-podium program to try and build the programs that will allow these athletes to be good enough to compete at that level. Olympic athletes, Pan Am athletes, don't suddenly decide to be there overnight. It's not a Eureka activity. It takes six, seven, eight years to develop an athlete. Luckily this province a number of years ago had the foresight to establish a quest for gold program that started to fund our best amateur athletes and we're starting to see more and more Ontarians reach the podium and have the ability to get there. We know we're going to have great facilities. Ian and his table are going to leave four 50-metre swimming pools as legacies for the sport.

To give you a sense of comparison, right now we've only got two 50-metre swimming pools in the City of

Toronto. Sydney, Australia, has 45. People say, "Oh, why aren't we producing swimmers?" It is because nobody pays for them to swim. It's not rocket science.

Question

Why don't we follow the Australian model?

Answer

When sport came together to try and decide what we were going to do to transform sport the leaders looked at all the models, not just the Australian. They looked at the Japanese, the American, the British, and the Swedish. Everybody does something well. We try to take the best and then apply it to the challenges that we face. We have unique challenges in this country. If you look at the map, we're a horizontal Chile. We're 6,000 miles wide and we're 100 miles deep, most of our population living within 100 miles of the American border. The aggregation of athletes for training within this environment is very, very expensive compared to many other countries.

We're a full summer and winter nation. Therefore, our resources are spread across a much broader athletic base. The Australians, like it or not with a few exceptions, are summer athletes, so there are significant differences. We took the best of the Australian model. We brought Alex Bauman, that great Canadian icon, back from Australia, and he's now leading that sport process in Canada and helping us build the sport institutes that are necessary. So we're taking the best from various countries. Australia was one of them.

Question

Thanks for the questions. There are actually more than we can get through, but this is a wonderful one with which to conclude because it's about you. What experience in your life helped you understand that you can have impact or be an influence on the community?

Answer

Oh my gosh. Well, first I'm flattered that you think I do. I'm not sure what it was. At some point when I was young, I had to overcome some obstacles. I was paralyzed as a kid. I loved sport and I wanted to get out and play and I got out and played. Sport became a great motivator. I learned from sport the ability to do things through other people; leadership is not about who you are or what you are. It's about who everybody else is and finding ways to get other people to help you.

Sir Isaac Newton said that if I see further than others, it's because I stand on the shoulders of giants. I had a lot of those lessons in my life that said that if you get good people around you, you can accomplish almost anything.

I'll share one anecdote that's kind of fun. I always use it when I talk about leadership in a business context. In the early '70s I was taking a teaching course at McArthur College in Kingston. It was in the summers. In the three summers I was there, I worked at night as a bouncer in a bar called the Lakeview Tavern, which was right beside the Kingston Penitentiary. It was a tough bar. The people that went to it were all relatives and friends of the people inside the wall. The only reason they weren't inside the wall is that they hadn't been caught yet. It was a tough place. Sometimes if it was slow at the door, I would sling beer.

One night I was working. I had six buddies there with me taking this summer course. They were all bigger than me, ex-rugby players, guys six foot seven, six foot eight." I'm a reasonably robust guy. I was in great shape, but all six of these guys were way bigger than I was. One night I was slinging beer in the ladies' and escorts' room. For and the young people here who don't know what that is, there used to be pubs in Ontario where there was a men's room and there was a ladies' and escorts' room. You couldn't go in the ladies' and escorts' room without a date. It was a slow night, so I put my tray down. I'm sitting in the men's room with my six buddies. A fight broke out. I happened to be the closest guy. I jumped up instinctively. These two guys are up and one guy smashed his glass. They're ready to go at each other and I said, "Stop," and they stopped. I thought, "What do I say now?" I said, 'Guys, you're here drinking every night. Don't break the place up. There's the side door. Take your fight out into the parking lot. Don't mess the place up. You'll be able to come back. You won't get banned and everybody will be fine." They put the glass down and went outside the door and I thought of the power of the spoken word.

Just then there was a tap on my shoulder and there are my six big buddies standing there and saying, "Nice job, Chris." So leadership is about whom you surround yourself with. I was pretty smart doing that.

The appreciation of the meeting was expressed by Noble Chummar, Partner, CasselsBrock and Blackwell LLP, and Director, The Empire Club of Canada.

November 16, 2010

Bonnie Brooks

President and CEO, The Bay

REINVENTION OF AN ICON

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Alex Squires, Director, Brant Securities Ltd., and Director, The Empire Club of Canada; Janice Price, CEO, Luminato; Jeanne Beker, Host, Fashion Television; Amanda Alvaro, Managing Director, Narrative Advocacy Media, and Director, The Empire Club of Canada; Bob Ramsay, President, Ramsay Inc.; Rev. M.J. Perry, Minister, United Church, and President, York Region Children's Aid Society; Daniel Drake, Second-Year Student, Fashion Communication, Ryerson University; and Marie Bountrogianni, President and Executive Director, ROM Board of Governors.

Introduction by Tim Reid

We have heard her voice on the radio many times. She has introduced herself to us while we have been at work, at home, in the car or whenever we may be listening to the radio.

She is known as one of the most respected retail experts in Asia and North America.

Best known in Canada for her former roles at Holt Renfrew where she served as Executive Vice-President, General Merchandise Manager and Senior Vice-President of Marketing, Bonnie Brooks is now firmly at the helm of the oldest company in the world, serving as the current President and CEO of the Hudson's Bay Company.

Not only is the Hudson's Bay Company the oldest company in the world but it is also Canada's oldest department store, with 92 stores operating across the nation.

Bonnie has spent more than 25 years building prestige retail formats around the world including Holt Renfrew, Lane Crawford, Harvey Nichols, and leading designer-brand stand-alone stores across Asia.

She has spent much of the last 30 years in retail with a small hiatus to take a job in publishing where she served as the Editor-in-Chief of FLARE, Canada's largest fashion and lifestyle magazine.

Bonnie has been described as creative, courageous and even a little crazy. Who else would decide to move the oldest department store in Canada to high fashion during the deepest recession since the depression?

One of the few true believers in the future of department stores today, it is my pleasure to welcome Bonnie Brooks to the podium to talk to us about reinventing the Hudson's Bay Company and embarking on her most heroic adventure yet: to transform the Bay into a 21st-century department store.

Bonnie Brooks

A number of slides were shown.

Just to set the record straight, my title is actually not CEO and President of the Bay, but it is actually Chief Adventurer of the Bay and I'm going to talk about that in a second.

The iconic Hudson's Bay Company started in 1668 when a group of investors in England dispatched two sailing ships to travel to the new world via the Hudson Strait on the first trade mission into the region of Hudson's Bay and it was a speculative adventure. In fact, one ship returned immediately. But two years later, without any word from the other ship, which was the "Nonsuch," the investors were very worried. But finally, back to England it did return with a full cargo and at that moment, King Charles II of England signed a Charter for all land draining into the Hudson's Bay over to the Company of Adventurers trading into Hudson's Bay, which is our official company name, hence the Adventurer. As I said a couple of seconds ago, we are the oldest continually operating company in the world and the world's first department store.

So this is that Charter. I don't know if any of you have seen it, but it is in our offices at 401 Bay Street. It's priceless. It's very well protected, I might say. If it were to be valued, it would be compared to the Declaration of Independence. One really can't underestimate the importance of integrity and authenticity to an icon. In fact, you can't really be an icon without integrity and authenticity. How many of you remember Radisson and Groseilliers? Would you be surprised to know that they were among the first Hudson's Bay Company employees?

We have beautiful portraits of all of the governors of Hudson's Bay in our offices. The first governor was Prince Rupert. He was King Charles II's nephew and our first governor. This is our original 1670 Coat of Arms bearing the St. George's British Cross of England and the Canadian elk, beaver and fox on an ermine hat. Certainly many companies would love this authenticity. Many have tried to even invent it. The funny thing about this coat of arms, and we have many different drawings of the elk and the beaver, is that they were drawn by artists in England who had never seen these animals. They certainly hadn't been to Canada. Some of them have eyelashes and very interesting legs and feet and they almost look human. We have a whole collection of quite interesting pieces.

We clothed the First Nations. We fed the country's first settlers. We chartered trips to the Arctic. We supplied all the necessities for the Klondike, the first gold diggers, and we even served our own Scotch in what must have been the very good old days to our company officers. I'm sad to say that today we only serve water.

This is York Factory and it's one of my favourite photographs. It's one of the first retail stores we had and it's still open today for tourists and visitors on the south-western shore of Hudson Bay.

This is the original Winnipeg store, the original Queen Street store and Vancouver. All of the flagships are still owned by the company today and they have, over the years, had some unbelievable, magnificent interiors, which we're working very hard to restore right now.

This is the famous Hudson's Bay point blanket. It's not just a blanket. The blanket was, indeed, among the first of the currencies in the new world. Our history, our uniqueness, and our legacy of 340 years are all wrapped up in this blanket. The very small blue lines on the blanket represent the points and therefore the size of the blanket. We range from a 2-point to an 8-point blanket, approximately the number of pelts that were needed to trade for the different sizes of blankets. The blanket stripes represent the founding nations of Canada, the red being the British, the blue the French, the green First Nations, and the yellow the Métis.

The blanket has been on the most important explorations of both the North and the South Poles. An entire book has been written about the blanket and over 400,000 pieces of original art and history are stored in the Hudson's Bay archives and in our museum in Winnipeg. The blanket became synonymous with the coat over a century ago. Even movies have been made with the blanket. This is Gene Tierney in the '40s Hollywood film called "Hudson's Bay." And royalty and other notable visitors to Canada are still given gifts of the blanket as mementos of the country.

We made it onto the cover of Architectural Digest as one of the leading design icons in this great design issue and we made it to the cover of this recent fashion magazine with the news of the blanket stripes being reinvented. We decided to do something new with the blankets 18 months ago and began with Canadian designers collaborating with us, using the blanket and reinventing the coat. Many major Canadian designers both here and abroad joined with us on this venture—Erdem, Klaxon Howl, Jeremy Laing and lots of others.

We've done sneakers from K-Swiss. This was seen on Ben Affleck during the Toronto Film Festival in September. This sweater is from Kimberley Newport-Mimran. The T-shirts from Shared were actually worn by Rufus Wainwright on stage this summer for Luminato. The axe is from Best Company. We did beach towels last summer that sold out and our new popcorn, which we just saw on the stage here, will be our number-one gift item this Christmas.

Other Canadian designers around the world, like the lead designer at Burton Snowboards, love Canada and they also love our heritage. This Burton snowboard launches in about a week in stores across the country just in time for Christmas. So if you need a very special Christmas gift, this is one. We're having a lot of fun doing the designing and creating ideas with our fellow Canadians right around the world.

George Yabu and Glenn Pushelberg created this shop for us. This was in Vancouver to showcase our new stripe collaborations during the Olympics. I want to include one small story about the designs done by Hudson's Bay for the Canadian Olympic team this year. We were the official outfitter. We gave over 300,000 garments to the 1,200 torch bearers, the 30,000 volunteers in Vancouver and thousands of athletes, teams and coaches. Our team was voted by the foreign press as the coolest dressed and maybe that had a little something to do with our winning streak. In all honesty, mittens sold do equal medals because this season 30 per cent of the total mitten retail value of $10 will be going, again, directly to the athletes. This program continues through Christmas because we're preparing for 2012 in London. We do believe mittens equal medals. We really enjoyed doing this project and millions of Canadians love the products and gave us their fantastic support.

We've been undergoing some major changes in most of the flagship stores right across Canada this year and I'm going to show you just a couple of before pictures of some of the Queen Street areas last year. This is what we looked like a little while ago. We've dropped a staggering 800 brands in the past year and we've added 250 new brands. We have also taken half the racks off the floor and now in the stores we're all about the edit—editing the assortments with taste and style. This is the same area today at Queen Street. If you haven't been in, this is called the White Space. It's opened back to the original windows, carries a whole new brand mix of contemporary designers, and these are brands that were previously not available in Canada. They are cool and affordable and brands that our research of 7,000 Canadian consumers told us they were looking for that they could find in the U.S., but couldn't find in Canada. These are brands that fill the void left in Canada between the top end and the discounters that currently fill seven department stores in the United States. We like to think of ourselves as the Macy's, the Bloomingdale's and the Nordstroms of Canada.

Men's has also had some newness on Queen Street. These are just taken of some of the new areas that we've opened for Hugo Boss in contemporary in the downtown flagship store here. I'm going to move on to Vancouver. Here are a few before pictures of Vancouver where we looked a little crowded and possibly a little uninspired. This is the White Space today. We have just opened this area. Here we also went back to the outside wall to let in the daylight and really showcase this heritage downtown flagship. Again, these are brands that were previously unavailable in Canada, that were in the United States department stores, that we really feel have huge potential here.

Along with fashion, we have also done contemporary shoes. This is our new designer shoe area in Vancouver—a much more beautiful presentation. We are very, very excited about that. But the piece de resistance, my favourite for sure, has to be the Room. This is our premier designer shopping space in Toronto. I'm just going to show a couple of before pictures. It opened originally in the '30s with European designer dresses. It got a little tired, yet somehow managed to keep its incredible customer base coming back. Everywhere I go, I still hear stories. I will just tell you that we have one employee in this area that has been with us for 49 years this year. I must say, she's very excited. She was very excited when we went from this to this. So we gave it a little face lift. Once again, we called on our friends to make one of our most significant collaborations to date and those are the designers George Yabu and Glenn Pushelberg.

One year ago, the Room at Queen Street opened with an incredible reception from all of Toronto—the socialites, the fashionistas, all of our customers. It's a gallery of designer spaces, very light, very beautiful, with a lot of Canadian artist installations. That's one at the top of that photograph, made out of coat hangers because, of course that's part of who we are. We have designer shoe spaces and beautiful accessory tables. The Room is actually made entirely of grosgrain ribbon and has all the daylight from outside.

This area is now home to over 70 of the most important designers from around the globe and all the famous and new talents are there with what we think, and many magazines concur, is the best edited collection in Canada. This contemporary zone changes almost weekly. So what every new designer space needs is a marketing campaign in sync with the new look and the new integrity, so we've developed yet another Canadian collaboration and our spring and fall campaigns this year featured Daria Werbowy. She has been the world's leading supermodel for the past two years and she is Canadian. She's been fantastic to work with. She believes in us. She believes in our journey and is really a great ambassador around the world for us.

But the reinvention of an icon is an heroic challenge even for a team of experienced savvy retailers. It's much more than store design, new brand acquisition, a differentiated strategy from the competitors, training, capital investment choices, and the ongoing presentation of newness and uniqueness. It's also about developing strong relationships with an internal team of over 15,000 associates and fortifying relationships with vendors around the world and with every customer. In our case, more than three-and-a-half million Canadians are HBC cardholders, which is 11 per cent of all Canadians.

It also requires entirely new marketing. We started this campaign last year. We've continued this year to launch more than 200 new brands and designer names right across Canada. We've been running full-page ads for key brands that we are now the headquarters for like Polo Men's and Ralph Lauren Kids and Ralph Lauren Women's, which are exclusive to us in Canada. Canadians have rallied around our reinvention to support us and so have the leading brands from right around the world. In fact, Coach accessories for men and women will be joining us in seven locations before Christmas. A beautiful flagship will be opening in the Queen Street store in about two weeks. It's the first one in Canada with the men's collection. The entire industry is behind us and we're really, truly grateful for that.

This old photograph was from the '50s and it inspired us to tell Canadians what was new and exciting at the Bay on the radio. This one's quite fun. You can see that it says, "today's featured items" which were sitting on that ledge for customers to see. It was right in the store. Perhaps you've heard me telling some of our inside stories this year, but they're all for what we think are really important items and one of my favourites is the men's 100-per-cent Egyptian cotton shirt, no iron, no wrinkle. I'm just going to play the radio that went along with that. There are a few men in the audience who might like this item.

> *Hi, I'm Bonnie Brooks, President of the Bay. I've seen a lot of innovation in men's wear over the past 30 years, but when it comes to dress shirts, you could never find wrinkle-free, no iron, moisture-wicking technology in pure cotton, but the men's wear team at the Bay has made a breakthrough with the Hudson Room dress shirt. It's 100-per-cent Egyptian cotton and should cost twice as much, but it's under $50. We love this shirt and I love that there's only one store in Canada that has it. Yeah.*

So we've had lots of events with lots of stars. That's Sarah Jessica Parker. We've had tons of press coverage. Now our designer friends and celebrities who have products in our store are doing the radio for us. This is Chef Jamie Oliver.

> *Hi guys. I'm Jamie Oliver. Me and the T-Fal gang have made and designed a beautiful set of pots and pans, which are being carried right now by our good friends at the Bay. Now I'm really proud of these pans. Everything has been considered—the shape, the thickness of the metal, how the heat gets to your food, the non-stick, the thermal spot, the handles are the most comfortable handles out there and if you've never seen one or felt one, go to the Bay right now, pick it up, enough said. Make cooking easier and give your food a treat. Jamie Oliver, Professional Series by T-Fal, check it out now at the Bay.*

My next one is probably the one we're most proud of in terms of collaborations. Jeanne had a brilliant idea not that long ago, probably nine months ago or maybe 10 months ago that she would edit a line of fashion and call it Edit and it would be her takes on the key items of the season. She came to us with the idea with someone actually that she had lined up to manufacture the product. We put our heads together and lo and behold in September we launched right across Canada in 68 stores, the new Edit line for Jeanne Beker, exclusively at the Bay. Here's what Jeanne sounded like.

> *Hi, I'm Jeanne Beker. I've spent 25 years watching fashion go down the world's runways. Now I'm thrilled to present a collection at the Bay that's close to home. I've channelled what I've learned into a collection that's all about what you really need—essentials like the pencil skirt and the boyfriend jacket, joined by key seasonal items. It's fashion meets function and it's priced from just $80 so you can easily build a fabulous wardrobe. It's EDIT by Jeanne Beker and it's available only at the Bay.*

I think that's the first time Jeanne's heard that. Great.

We have other friends and followers and supporters in faraway places. In a recent issue of Fast Company, which is the new hot mag out of New York, we were named in the top 100 creatives in the world and our fellow Canadian, Tyler Brûlé who owns the world-leading authority on all things cool out of the UK, the magazine's called Monocle, noted us as one of the most important retailers in the world to watch on a very short list.

The best news has to be the kind of news that takes even us by surprise. You can't buy great publicity and you certainly can't buy this girl. This is the world's leading American fashion blogger, Tavi. She's the protégé of Vogue Editor Anna Wintour and she's wearing our Hudson Bay collaboration sweater by Pink Tartan for her feature story on a full page in a September issue of the New Yorker. We have amazing supporters all over and that's really giving us a groundswell of excitement. It gives enormous credibility to our brand in the fashion business.

This is my favourite item that we commissioned. This is our cedar-stripped canoe made by hand from a fifth-generation canoe maker in Peterborough and I love this canoe. It is canvas wrapped, which was part of the old tradition, and then painted over the top of the canvas.

If authenticity and integrity are two of the most important qualities of leadership, I honestly can say that I see a strong and solid future for the Bay because it has both, and it's unique. It truly has an invaluable future because it is the one company that can legitimately be marketed as the authentic authority on all things Canadian and we're preserving the integrity of the company. As the great Peter Newman wrote in one of his three volumes on the Hudson's Bay Company, we are, in fact, the company that became Canada. In fact, after Confederation, in 1870, we signed the deed of surrender where we surrendered Rupert's Land over to the British government who then turned over the territory to Canada.

So, it's an honour and a pleasure for me to be the current champion and the Chief Adventurer of one of Canada's most important icons and I'd like to ask the other Chief Adventurers who are in the room today to stand and be recognized. They're kind of sprinkled around, but the Chief Adventurers, the top 300 senior management people at the Bay, all have the same title so I have many other Chief Adventurers here with us today. Maybe they could just stand and be recognized.

So thank you. I'd like to thank Alex Squires, who dropped me an e-mail a couple of months ago and said, "Why don't you come and speak at the Empire Club?" and I've not been here before so I'm overwhelmed at the size of the group and thank you very, very much for including us.

Question

What does the Canadian department store of tomorrow look like?

Answer

We're going to keep unveiling bits and pieces of what we're doing and when we're finished, we'll have an entirely new Queen Street. The department store can be a place that's quite fun and quite inspirational. It can take your breath away, particularly at Christmas as our windows still do, and in various parts of the store we have Christmas Street installed now. I don't know if you've seen it on the lower level at Queen Street, but it is absolutely sensational this year. So there are many, many things that we do that we can improve on, continue to improve on, that delight, entertain, inspire and make people smile. Our company mission is to ensure that every customer leaves happier than when they arrived. That's the mission of every single person on the team. Just two weeks ago we launched online, so the future will also include, obviously, a lot of other types of shopping.

Question

How has the current global economic situation impacted your strategy for the Bay?

Answer

If you're talking about very current and the fact that cotton has just doubled in price and so has cashmere, that could have a little impact on us. But if we're talking about the economy that we sort of stepped into a couple of years ago, we're really in a fortunate position because a lot of the brands that have been doing business in the United States wanted some additional distribution in Canada. So it was great timing for us on that front. We're working with all the global brands now right around the world to bring them to Canada so we're well on our way. Our business is very strong right at the moment, thank goodness. Even excluding the Olympics, we're up over previous years. So we're very encouraged by that and very excited and, of course, the Olympics gave us a great boost as well.

Question

How can the Bay help up-and-coming Canadian designers in a marketplace dominated by American and European designers?

Answer

We have lots of Canadian designers in our mix right now and part of our mandate too is to support Canada, obviously. We're working with students in all the fashion schools, etc. so we're quite proud of that.

Question

I noticed on a recent trip to the Queen Street store that there was a real difference in the customer orientation of the sales associates. No fewer than four people asked if they could help me. This is quite a different experience from the past. How did the Bay make this happen?

Answer

That's been a long time coming. I think we started working on that about two years ago, but there's one lady who's the absolute commander of that and that's Debbie. Debbie worked with outside companies and really took the mission very, very seriously about ensuring that the customers left happier. We built programs around full engagement with a customer when a customer came in. Every customer's acknowledged, every customer has some kind of interaction with a person on the floor and all of the management in the stores now is 100-per-cent focused on that. They're not in the back; they're out on the floor coaching and working with their teams. It's all about connecting one on one with every single customer and making sure that every customer has an experience that they hadn't expected—a positive experience they hadn't expected. It's the work of everyone in the company and we have had more than 1,000 e-mails since the program rolled out in June of positive experiences. So we're pretty thrilled about it. So come on in and give us a little test. Try us out.

Question

With all the changes you've made, how does this work outside the large urban centres?

Answer

Oh, it does, very well. In some markets where we are the single store in the market, it's working really, really well. We've got big plans for a lot of our single-store markets in 2011 to change the merchandise mix and up the assortments and give them more of what maybe we thought they couldn't sell before, but we're quite sure they can now.

Question

As a Canadian company and a champion of Canada, as a brand, would you ever consider carrying only made-in-Canada products?

Answer

Probably not because the Canadian manufacturing situation has changed so much over the years with everything opening up around the world. We're really in a global economy. We're in a global brand market. People in Canada can buy things all over the world on the Internet and certainly we want to bring the best of what's available around the world to Canada. So while we would obviously include Canadian-made product, we need to be open to the world and we have one million square feet in our Queen Street store and about 14 million square feet across the country so it would be very difficult to fill that with one country's goods.

Question

How has the reinvention propelled you ahead of your retail competitors?

Answer

We don't really like to talk about our competitors. We love our competitors. Bring them on. But we feel that we might be making some winds with primarily all the new merchandise that we're bringing in that is exclusively ours. Out of all those brands that we brought in over the last year and a half, more than 250 brands really, I would say about 90 per cent of them are exclusively ours in Canada, so that makes it a little tough for the competition and product differentiation has to be one of the keys of any company's competitive strategy. It certainly is ours.

Question

Why do you not have the "Room" on Bloor Street?

Answer

Queen Street was a little easier, a little bit of a distance from anyone else on Bloor Street, and a lot of the brands have their own stores on Bloor Street so it made sense that we would be downtown. We look at Bloor Street more like Knightsbridge for those of you who know the U.K. market. The London market is more like Harvey Nichols or Sloane Street whereas we are really the Oxford. We're in the key part of the city. Downtown is a totally different experience from Bloor Street in terms of traffic and in terms of transactions and there's a flow going through that store with the subway. There's just so much downtown from an arts point of view with Luminato activities, all the new opera, and the students downtown. We really have the excitement of Soho, the excitement of the financial district and all the new lofts in this neighbourhood. We represent a lot more than we could really do at Bloor Street. Downtown is the hub of the city once again. We're having a lot of fun taking our loft spaces and our beautiful architecture and turning them into new inspired designer spaces including new areas for furniture coming next year. So there are lots of things going on.

Question

How does the Bay hope to reconcile its two main consumer streams—mass and luxury?

Answer

Right down the middle. We'll take everything from mass market to luxury. If you look at the United States there are at least seven, possibly 10, department stores that fill those gaps that are not in Canada. JC Penney, Macy's, Bloomingdale's, Saks Fifth Avenue, Nordstrom, Lord & Taylor, and a number of other department stores exist in the United States that aren't here, so it gives us a great area to manoeuvre in and gain some real strength. That's what's really helping our top line.

Aren't there any fun questions? They're all so serious.

Question

This is a two-part question. I'll let you answer the first part first. Is the Bay foreign owned?

Answer

Yes, the Bay is owned by an American private equity company, NRDC, headed by Richard Baker. It's a specialist in shopping centres and the company also owns the Lord & Taylor Company.

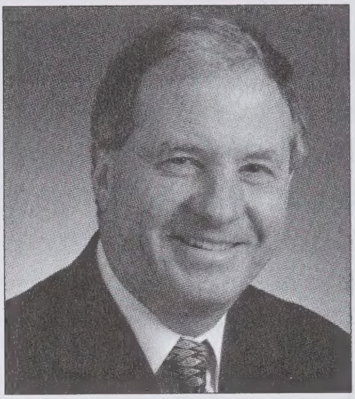
Question

Does that create any special challenges?

Answer

Absolutely, not because they're based in New York. That's really an asset for us and has been very helpful in terms of our brand acquisition and a number of other aspects of doing business, financial aspects, etc. Being owned by a private equity company has some challenges, but is no different from being a public company or family-owned business. I've usually worked with family-owned businesses and they can be quite challenging and unique, but lots of fun.

The appreciation of the meeting was expressed by Alex Squires, Director, Brant Securities Ltd., and Director, The Empire Club of Canada.



December 1, 2010

The Hon. Ronald Liepert

Minister of Energy (Alberta)

ALBERTA—TELLING IT LIKE IT IS

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Alfred Apps, Partner, Fasken Martineau, and Past President, The Empire Club of Canada; Jan Carr, Former CEO, Ontario Power Authority, and Board Member, Alberta Electric System Operator; Murray J. Stewart, President, Advantage Consultants Inc., and Past President, Energy Council of Canada; Derek Burleton, Deputy Chief Economist, TD Economics; Verity Craig, Founder and Managing Director, CV Management, and Director, The Empire Club of Canada; Denise Carpenter, President and CEO, Canadian Nuclear Association; Keith McQueen, Senior Vice-President, Credit Management, TD Securities; Dr. Brian Stiller, Past President, Tyndale University College and Seminary; and Alex Squires, Director, Brant Securities Ltd., and Director, The Empire Club of Canada.

Introduction by Tim Reid

It is now my absolute pleasure to be introducing the Hon. Minister Liepert, Minister of Energy for Alberta.

Mr. Liepert was born and raised in Saltcoats, Saskatchewan, where his primary education began in a one-room elementary school. After his senior high schooling, he moved to Alberta and studied broadcasting and over the course of the proceeding 30 years worked as a media and business advisor in both the public and private sectors.

In 2004, Mr. Liepert followed his interest in politics. He sought and won the riding of Calgary-West in 2004. Over the course of his first two years as an MLA he chaired the Alberta Heritage Savings Trust Fund committee and co-chaired the Film Advisory Council.

Ron Liepert has been a Member of the Legislative Assembly of Alberta since 2004 for the constituency of Calgary-West. On January 15, 2010, he was sworn in as Minister of Energy. He had previously served as Minister of Education and Minister of Health and Wellness.

Minister Liepert is here today to speak to us about what will no doubt be one of the most talked about topics of the 21st century: energy.

Alberta has had a lot of challenging press over the last year on the development of the oil sands and the corresponding impact on the environment.

Ron is here to tell us more about this. Please welcome Ron Liepert to the podium.

Ronald Liepert

I'd like to thank the Empire Club for inviting me here to speak. It's an honour to be able to address the foremost club of its kind in the country on a very important topic.

I'm hoping to have a good discussion today on Alberta's oil sands and their importance, not only to Ontario, but to the nation as we move forward with some preliminary discussion around a national energy strategy. If you are wondering why an energy minister from Alberta would even dare to broach a subject with the words "national" and "energy" in the same sentence, I'll explain a bit later. I'll also touch on what the federal government isn't doing in this area and what I think it should be doing.

I was here in Southern Ontario just a couple of months ago. I spoke in Burlington and Hamilton, places where Alberta's energy industry is employing thousands of people, to remind them the oil sands benefit people across the country.

I was joined by other ministers from our government, who visited other Ontario communities with the same message—to promote the oil sands as a national benefit, and tell Canadians we are developing this resource in a responsible way.

I toured manufacturing plants, spoke with chambers of commerce and investment firms to learn first-hand the effect the oil sands have on this part of the country.

First of all, let me give you some idea of what we're talking about. There are 170 billion barrels of commercially recoverable oil in the oil sands. About 10 times that amount is actually in the ground, but we don't have the technology yet to extract the rest. Total crude bitumen production is about 1.5 million barrels a day, and we hope to double that in a decade. So if you do the math, based on an average price of $100 a barrel, by 2020 the oil sands could be generating $110 billion a year.

It's a truly staggering figure, and one that will increase as new technologies for extraction are developed.

Alberta's Energy Resources Conservation Board estimates that new extraction methods might one day mean our proven oil-sands reserves could hit 315 billion barrels. This would place us well ahead of Saudi Arabia, which currently has the world's largest proven reserves of 230 billion barrels.

Because of this tremendous asset, we've attracted a lot of international attention. This resource has attracted financial interest from around the world. Right now, there is $140 billion worth of oil-sands construction in progress or proposed by 2012. Investment is coming from China, Korea, Norway, France, the Netherlands but mostly still from U.S. and Canadian companies. Just last week Thailand became a player in the oil sands purchasing 40 per cent of Statoil's project.

But it isn't just the financial community that has paid attention to our resource. Some well-funded lobby groups are using catchy slogans and misleading emotional images to create the impression we don't care about the environmental impact of oil-sands development. In fact, the oil sands are one of the most heavily regulated industrial projects on Earth. But in this world of 10-second sound bites, it's been hard for us to get that point across.

Our critics obviously prefer the term "tar sands" because it creates a negative impression, and they don't care whether it's factual or not. Tar is a man-made substance. It hasn't been oozing out of the ground for millions of years in northeastern Alberta; oil has.

These groups also love to show the world the pictures of the massive open-pit mines around the Fort McMurray area. But just 3 per cent of the land covering the oil sands is slated for the open-pit mines that attract so much attention. The rest will be developed in the usual way—by drilling underground—with one important difference. High-pressure steam is injected to heat the thick oil and make it flow to the surface, with virtually no environmental footprint. This process is called in-situ.

Let me give you an example of that smaller footprint.

If we put a typical in-situ development on the grounds of Queen's Park, what you would see above ground would be wells and facilities that cover an area roughly equal to 1.5 football fields. The total area accessed by the wells below the ground equals about 90 football fields with the reservoirs containing about six million barrels of oil. Above ground, above this area totalling 90 football fields in size, is undisturbed boreal forest. But that image doesn't fit too nicely into their "slam the oil sands campaigns."

Another thing these groups don't tell you is that after the oil has been separated from the sand through mining operations, operators are legally required to reclaim the land. That means filling the empty mine pits with the original soil, replanting the trees and grass, and recreating the lakes and streams. In fact, some former oil sands mining developments have already been returned to a natural state and many more will soon follow. I've seen the reclamation and can assure you that those parks, walking trails and bison-grazing lands far exceed the undisturbed area nearby where oil naturally oozes out of the ground.

Not only are we working to extract oil in the least disruptive way possible, but we're also committed to lowering the amount of carbon dioxide our industries emit. Our government has set aside $2 billion for carbon capture and storage—a process where carbon dioxide that would normally go into the atmosphere is pumped deep underground. In some cases, energy companies are actually using carbon dioxide to flush more oil out of reserves that have been abandoned. It's called enhanced oil recovery and it is both environmentally friendly and financially beneficial because more oil can be extracted without having to drill a new well. This technology is key because using some of the captured carbon dioxide for enhanced oil recovery Alberta's conventional oil reserves could generate tens of billions of dollars in additional provincial royalties.

Technological advances are also promising to decrease the amount of time mines will need tailings ponds from several years to a few months. It's these kinds of innovations that are helping us reduce our environmental footprint.

But this high level of commitment is only possible because we can afford it. Without a strong economy, people tend to put jobs before anything else.

Just look at what happened in the United States with their mid-term elections. Last month, President Obama said he was dropping efforts to pass clean-energy and climate-change legislation. And Nancy Pelosi, who for the time being at least remains Speaker of the House, in a column in USA Today said the election was all about jobs.

It's not often I agree with a couple of leading Democrats, but it sure sounds like they got the message loud and clear. Only when people are working will they be willing to spend the extra money required on alternate energy and environmental initiatives.

Renewable energy is likely to be a very important part of the future energy grid, but today it is expensive compared to coal, oil and gas and usually requires hefty government subsidies. It's only because we have a thriving economy that we can afford to fund research into these renewable technologies. And we're prosperous mainly because of the oil-and-gas industry.

This year, total capital investment in Alberta is expected to hit almost $70 billion—with $26 billion coming into the oil-and-gas sector alone. This prosperity is also a nationwide phenomenon. Alberta can't develop the oil sands on its own.

Canadians' jobs across this great country are directly or indirectly tied to the success of our industry. Some 28,000 workers live in camps in northern Alberta and more than half of them fly in and out every week or two from their homes east of the Manitoba/Ontario border.

The industry requires billions of dollars in pumps, valves, motors and other equipment that is manufactured in central Canada and a shipment of steel arrives weekly in Alberta from a small smelter in Prince Edward Island.

We are still predicting a shortage of tens of thousands of workers, and many of those jobs will be filled by skilled tradesmen from this province. According to the Ontario government's Directory of Manufacturers and Suppliers, there are 495 companies located in this province listed under Alberta oil sands. Sixteen of those companies employ more than 1,000 people each.

Ontario's success is linked to Alberta's success, even though our provinces are thousands of kilometres apart. We will continue to look to the business community in Ontario for innovative technologies, as we move forward together. We need Ontario's expertise in the area of cleaner technology.

What we need most, however, is to get the truth out about the oil sands, because they're critically important not just to Alberta, but to our entire country.

We need the support from the rest of Canada.

I was encouraged recently with the policy paper issued by the Canadian Council of Chief Executives that called for the creation of a national energy strategy. The chief executives say this would help make sure Canada develops its natural resources in an environmentally responsible way and leads the world in clean energy development. Now I'm not sure exactly what such a strategy would include, but I agree with the chief executives that it should be a coherent national policy, built in cooperation with provincial and territorial governments, with buy-in from industry, other stakeholders and the broader public. The paper calls on the Prime Minister to convene a meeting of First Ministers to begin discussions on a national energy strategy. The process may take some time, and we may not agree on much at first, but we need to be working together.

Alberta has a provincial energy strategy, which calls for our province to be a world-class energy supplier, an energy-technology champion, a sophisticated energy consumer and a solid global environmental citizen. With this plan, we are showing the world that the oil sands can be developed both profitably and responsibly.

I look forward to the discussions I will have with my provincial counterparts on what this national energy strategy could look like. This is the number-one agenda item for us when we meet next summer in Alberta. A national energy strategy was just one of the suggestions the chief executives made in their paper.

They also support:

- a bilateral energy and environmental accord with the United States;
- a national technology and innovation strategy; and

- the creation of a national approach to climate policy and carbon pricing.

Finally, the chief executives are calling for meaningful engagement of Canadians. These are all recommendations Alberta can support because the common theme is working together on a strategic basis.

So that brings me to our federal government. Why aren't the Prime Minister and his senior ministers speaking proudly, within our country and outside our borders, about the great natural resource strengths Canada has? Why aren't they talking about how Canada can lead the world recovery by developing our natural resources responsibly?

I commend the federal Minister of Natural Resources, Mr. Paradis, who is from Quebec, and Gary Doer, former NDP Premier of Manitoba and now U.S. ambassador in Washington for their support.

I can't think of another country on the globe, including the United States, that wouldn't be speaking proudly if they had our natural resources.

I plan to make Alberta's case tomorrow in an appearance before the House of Commons committee on natural resources because Ottawa, the provinces and territories must work together on a common goal to ensure Canada becomes an energy super power.

Some U.S. politicians are more aggressive in promoting the oil sands than our federal government. South Carolina Senator Lindsey Graham visited the oil sands recently and called them "a national treasure for both Canada and the United States." He said there's "tremendous potential" to produce oil in large quantities and he vowed he's "full speed ahead" on bringing more oil sands crude into his country.

These U.S. politicians know it's far better to buy their oil from Canada—a safe, secure, friendly country with strict environmental standards—than from many other parts of the world that are none of the above. They know

Alberta is now the largest foreign source of oil to the United States—larger than Mexico, Saudi Arabia or Venezuela. They realize thousands of jobs will be created when the Keystone pipeline is approved to link Alberta with the huge refineries in the U.S. Midwest and Gulf coast.

We're not looking for special treatment; we just want all Canadians to be proud of what Canada has to offer to the world.

Our challenge now is to get the federal government to embrace the oil sands and promote them internationally and here at home, to help the Alberta government tell our story to groups like yours.

We need your help building the oil sands and we need your help promoting them. Working together, we will get the full economic benefit they offer and work toward the sustainable, environmentally responsible future we all want.

Thank you very much for listening to the Alberta story and I'd be happy to take some questions.

The appreciation of the meeting was expressed by Alfred Apps, Partner, Fasken Martineau, and Past President, The Empire Club of Canada.

December 2, 2010

Admiral James Winnefeld

21st Commander, North American Aerospace Defense Command (NORAD)

NORTH AMERICAN SECURITY: FADING BORDERS, EMERGING RISKS

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Captain Dr. John Niles, Captain, Queen's Own Rifles, and Director, The Empire Club of Canada; Sonja Bata, Honorary Captain (N); Brigadier-General D.C. (Craig) Hilton, OMM, CD, Commandant, Canadian Forces College; Doug Morris, President, Morris Glass and Windows, and Director, The Empire Club of Canada; FSgt Jasmine Neethling, Level 5, 618 Air Cadet Squadron, HMCS York; Peter Goodspeed, Senior Reporter, International Affairs, National Post; Julie Lindhout, President, Atlantic Council of Canada; and Albert Wong, President, AKW Global Enterprises.

Introduction by Tim Reid

It is now my absolute pleasure to be introducing Admiral Winnefeld this afternoon.

NORAD, as you all know, is a bi-national American and Canadian organization charged with the missions of aerospace warning and aerospace control for North America.

Admiral James Winnefeld is the Commander of the North American Aerospace Defense Command and the Commander of United States Northern Command.

As the NORAD Commander, he is appointed by and is responsible to both the U.S. president and the Canadian prime minister.

The admiral has a long history of leading a number of "commands at sea" including the combat operations in Afghanistan in support of Operation Enduring Freedom immediately after the terrorist acts of September 11, 2011, as well as Task Forces 50, 152 and 58 in support of Operation Iraqi Freedom.

In addition, he has participated in a number of "shore tours" including service in the Joint Staff Operations Directorate, as senior aide to the Chairman of the Joint Chiefs of Staff and as Executive Assistant to the Vice-Chief of Naval Operations. He most recently served as the Director for Strategic Plans and Policy on the Joint Staff.

Throughout his distinguished career, he has been recognized for his outstanding service. His awards include the Defense Distinguished Service Medal, Defense Superior Service Medal, the Legion of Merit, the Bronze Star, the Defense Meritorious Service Medal, the Air Medal and five Battle Efficiency awards.

Security is top of mind for Canadians today primarily due to the information released via the Wikileaks documents over the last few days.

We are delighted to have the admiral here to speak about the emerging security issues for North America, the relationship between Canada and the U.S., NORAD's continuing mission evolution to meet today's challenges, and why our borders are fading when it comes to security.

James Winnefeld

Thank you Tim for that very kind introduction.

Good afternoon, ladies and gentlemen.

It's an honour to be invited to join the ranks of the thousands of people who've had the tremendous privilege of speaking to the Empire Club.

And it's a great pleasure to be in this wonderful, beautiful city by the lake, and in this gorgeous room in this fantastic old hotel.

The city in which my headquarters resides and this beautiful city have an interesting historical tie.

Soaring above the skyline of Colorado Springs is the iconic Pike's Peak, which inspired Katherine Lee Bates to write her poem America the Beautiful. The Peak is named for U.S. Army Captain Zebulon Pike, who tried to climb it in 1806, but failed.

Seven years later in 1813, during the War of 1812, then-Brigadier General Pike led an amphibious invasion into the little town of York, Canada.

As many Toronto citizens know, when the outnumbered British retreated, they blew up their powder magazine, launching a hail of stones into Pike's brigade—killing scores of Americans, and killing General Pike himself.

Angry American troops then burned and looted much of the town of York, in a truly shameful act.

This depredation of the capital of Upper Canada caused the British Governor-General of Canada, Sir George Prevost, to ask a British fleet to go and burn Washington, D.C.

During wartime there wasn't enough money to replace the scorched shell of stones that was all that remained of the President of the United States' house, so the stone walls were simply whitewashed to cover the burn marks, which ultimately led a few years later to President Theodore Roosevelt naming the building The White House.

And today, the little backwoods village of York—population 720 when General Pike passed through here—is now Canada's largest city and is one of the great financial, commercial, industrial, and cultural centres of North America and the world.

And of course, Colorado Springs, where this story began, is emblematic as the home of an organization—NORAD—that so profoundly symbolizes the vital link between Canada and the United States.

The events that I retell here all occurred towards the beginning of a long journey that shifted the physical borders between our two nations beginning with the Treaty of Paris, and moving through the Jay Treaty, the Webster-Ashburton Treaty, and the Oregon Treaty.

Each nation hence has retained its own unique identity—and trust me, 125 wonderful and feisty Canadians I have in my headquarters remind me of that every day.

Our borders are now fixed, but they have all but faded away due to the close interrelationships in nearly everything we do—culture, finance, transportation, energy, industry, recreation, sports, and of course security.

We want a safe border, but one that is open to all the things that have made us prosperous together as nations. And it is a number of security-related non-physical borders in our world that led me to label my remarks today: "Fading Borders, Emerging Risks." These fading borders which I'll talk about include those between near and far, peace and war, domestic and foreign, state and individual, privacy and surveillance, civilian and military, and—especially in my case—the border between homeland security and homeland defence. It is along these increasingly murky borders that many of the security challenges we face today ride, and which affect our security here in North America.

Of course our number-one concern is violent extremism—the only threat which we know has both the capability and intent of harming us—and which we hope, like communism, will eventually collapse of its own internal contradictions, but that in the here and now remains a persistent threat.

We have learned that this threat is irreconcilable, patient, uses the Internet, has little bureaucracy to slow it, and manipulates disproportionate media attention to shock us.

He exploits our Western freedoms to attack us and subsequent censure of those freedoms to divide us. He makes no distinction between military and civilian. He needs money. He prefers soft targets, and is willing to die for his cause. He's not only overseas trying to send devious little packages through the mail. He is right here in North America—we saw just last week yet another example, this time a would-be bomber in Oregon—and in what any Canadian would call shots on goal, the violent extremist knows that he only has to get through once—while our goaltending record has to be perfect.

We're also concerned by rising nationalism, particularly among a few smaller nations whose unpredictable leaders seek access to deliverable weapons of mass destruction in the belief that those weapons will give them more freedom of action. We've seen this in the past week or so with the ongoing crisis on the Korean Peninsula.

We also carefully observe and hope to interact positively with larger rising nations, each of which is emerging in its own particular political, demographic, social, and economic circumstances, but definitely demanding more power in a multi-polar world.

Other challenges include our planet's increasing population and the existence of un- or under-governed areas.

Many of these areas lie within regions that are trapped by history, culture, climate, or resources— areas that are both seedbeds for and victims of extremism, where helping is no longer simply a moral imperative.

Riding along with these factors are associated changes in urbanization, demographics, health concerns, and of course competition for resources, such as energy, food, and water.

We also worry about our changing climate and how this might affect security from the Arctic all the way to Africa.

Not only that, but transnational criminal organizations are not only exporting drugs to our cities, but their distribution networks in the form of violent ambitious gangs are arriving in our cities as well.

And finally, an explosion of information technology not only carries with it the ability to open new cultural horizons for a globalized, networked population, create market and information efficiencies, and lead to incredible advances in my own world, but also, it can leave us vulnerable to spillage of sensitive information, as we've seen over the last week or, worse, it can open serious vulnerabilities in a host of key functions we have shifted to the cyber world and on which we have grown to depend.

And speaking of WikiLeaks, I have to tell you that it's been my immense relief to see that in the releases of cables, there have been no embarrassing revelations about the Toronto Maple Leafs... this in spite of the fact that the American ambassador in Ottawa is a rabid Black Hawks fan.

In addition to all the things we used to worry about, including nuclear war, natural disasters, pandemics, and regional instability, we now have plenty of new things to worry about, such as the proliferation of weapons of mass destruction, violent extremism, transnational criminal organizations and the vulnerability of our just-in-time economic systems, which are so dependent on containers, FEDEX, and the Internet to disruptions in both physical and virtual flow stability.

We miss the significance of the connections among these factors and their evolution together, however slow, that may be at our peril.

As I mentioned a moment ago, this highly-complex, linked, and daunting soup of factors seems to live in a world in which many of the traditional borders, that lent some simplicity to how we view that world, now seem to be fading.

To demonstrate this, I need merely describe the cyber world.

We in the U.S. and Canadian militaries have become increasingly dependent on cyber capability. It is at once our single greatest competitive advantage and perhaps our biggest vulnerability. The U.S. Department of Defense uses seven million computing devices, and some 90,000 people to operate the 15,000 networks on which those devices ride. And those networks are probed about 250,000 times per hour by scores of foreign intelligence organizations and individuals trying to hack us. In this cyber world, the physical border between near and far—certainly between Canada and the U.S.—has all but disappeared.

The border between peace and war in this environment has also disappeared. I would ask you to ponder just what constitutes a hostile act in cyberspace. How do we tell the difference between someone who is merely exploring our networks for espionage and one who is leaving a little present behind for future malevolent use? As our Deputy Defense Secretary Bill Lynn has said, "Missiles come with a return address. Cyber attacks, for the most part, do not."

The border between domestic and foreign has certainly faded when an extremist can use a server located in the United States—which lends it special protections—to host a Web site intended to recruit home-grown or foreign extremists to violent acts. You can watch this terrorist activity on about 4,000 Web sites.

The border between state and individual has now faded to the point where a nation can easily disguise itself as—or in fact use—civilian hackers to cause potentially great harm to some of our key networks. Or, what Tom Friedman has called the super-empowered individual can do the same thing all on his own.

The border between privacy and surveillance—particularly sensitive to us who love freedom—will become increasingly challenged as governments begin to feel the imperative to monitor network traffic for malicious software that could take down our financial, transportation, energy, or communication networks.

The border between what is traditionally civil and what is traditionally military will be challenged should there be calls for the military to assist other government, non-government, and private sectors in protecting their own domains from cyber attack. And indeed, in October the U.S. Secretaries of Defense and Homeland Security signed an agreement designed to partner in protecting our nation's cyber networks and critical infrastructure.

We've also recognized the need to work with our other partners, including friends and allies, and in particular Canada, with whom we are so closely networked and intertwined, on simple things like shared cyber warning and we are already working together at every level in this key area.

Another realm in which fading borders are increasingly growing in importance is the Arctic.

The geopolitical importance of the Arctic has never been greater, because as far as we know the natural environment in the Arctic in civilized times has never changed faster. No one knows this better than Canadians.

As my good friend and Canadian boss, General Walt Natynczyk, said a year ago, "All of us have underestimated the speed at which we're inheriting a new ocean."

This new ocean not only has shifting ice borders; it has other unresolved boundaries as well.

It's been estimated that up to 25 per cent of the world's petroleum and natural gas deposits may lie beneath the Arctic ice cap and shifting environmental conditions will enable energy corporations to explore where they've been unable to go in the past.

Meanwhile, if recent Arctic warming continues, commercial shipping routes will gradually open through the Northwest Passage and the Northern Sea Route, eventually enabling significant savings in maritime transportation costs.

We're already seeing eco-tourists on cruise ships, who will increasingly ply the beautiful Arctic waters in search of adventure.

The eight Arctic nations have each expressed their interests in their own ways, but they generally carry the same theme.

The Statement of Canada's Arctic Foreign Policy, issued in August of this year, is—in my humble opinion—a strong document that makes important points, three of which stand out to me in particular.

First is Canada's statement that "the Arctic is fundamental to Canada's national identity." Canadians do think more about the Arctic than Americans do. And the average Canadian understands it better than the average American. We Americans should understand and respect this.

Second is the statement that "the United States is our premier partner in the Arctic." It's reassuring to know that this is true. The United States' interests are made clear in the U.S. Arctic Region Policy, expressed in much the same way as Canada's policy—a compendium of interlocking topics covering security and sovereignty, the environment, indigenous peoples, resources, and governance. While we have our differences, such as in the Northwest Passage and Beaufort Sea, these have been well-managed by the U.S. State Department and Canada's Department of Foreign Affairs and International Trade (DFAIT).

Cooperation is on the rise in the Arctic, and we must continue that trajectory using the array of mechanisms available to us, such as the Arctic Council, the International Maritime Organization, and, if and when we in the U.S. ever ratify it, the United Nations Convention on the Law of the Sea.

We can also cooperate through initiatives such as the Extended Continental Shelf Project, through which our Coast Guards have been jointly conducting surveys to better define the limits of the continental shelf.

A third point of interest to me within the Canadian statement is where it says, “Canada does not anticipate any military challenges in the Arctic.” We hope this is true. While sometimes we see mixed signals from other nations in this regard, it seems to me that no nation has an interest in a militarized Arctic. We’d prefer instead that—together—we do the peaceful things that military forces do well, such as long-range search and rescue, and monitoring the environment.

Along this line, we at NORAD are proud of the successful live-fly VIGILANT EAGLE counter-terrorism exercise we conducted with the Russian Air Force earlier this year and which you may have seen in the news.

While we want to cooperate with others, we also should not allow a situation to develop where one nation is able to dictate the terms of where, when, and what activity takes place in the Arctic. Nor do we wish to produce a string of events that leads to an unintended militarization of the Arctic.

So, it will take statesmanship by all parties through key forums such as the Arctic Council to ensure that the Arctic opens peacefully with collaboration rather than competition, cooperation rather than conflict, and with proper respect for the legally recognized sovereignty of nations.

I believe that all eight Arctic nations understand this.

The excellent relationships we have among NORAD, USNORTHCOM and Canada Command provide one means of accelerating our combined efforts in the Arctic, and should be leveraged as we move forward.

USNORTHCOM and Canada COM have already agreed to develop a framework under which our two commands can operate in the Arctic together and we are working on a Tri-Command Agreement—with NORAD—which will include a cooperative approach to Arctic challenges.

Last August, Canada conducted Operation Nanook in the high Arctic, which serves as a tremendous model for increased multilateral cooperation among nations throughout the Arctic.

Canada's Radarsat-2 supports a wide range of Arctic needs, such as sea ice mapping and ship routing, iceberg detection, ship and pollution detection, and geological and land use mapping.

The DND's Project Polar Epsilon looks to improve Radarsat's Arctic ship detection, which those of us responsible for NORAD's maritime warning mission think is just great.

I look forward to continuing work on our many Arctic initiatives together, because they are good for both of our countries. We're on a good trajectory.

Yet another realm where traditional borders are becoming less clear is in the area of transnational criminal organizations, otherwise known as TCOs. In this realm, the border between criminal and military activity is fading to the point where we see drug cartels using sophisticated military tools, including fully-submersible submarines, to enable their trade.

In our North American partner nation of Mexico, we see the border between civil and military fading due to the Mexican government's need to enlist temporarily the power of the Mexican military in a very serious struggle against the TCOs that threaten that country's prosperity and security.

I use the term TCO deliberately, because to call these cartels Drug Trafficking Organizations would send a signal to our Mexican friends that all we care about is the drugs crossing our borders. But we are also concerned about the prosperity and security of a fellow North American friend and neighbour. The TCOs are vicious in the extreme, better-armed than most police forces, very well financed, diversified, increasingly sophisticated in their methods and they are able to coopt often-poorly-paid and intimidated local officials. And these TCOs are having a serious corrosive impact on North America, as well as other parts of the world.

Mexico is suffering deeply. Over 30,000 Mexicans have lost their lives in the last four years. A dozen mayors have been killed in 2010 alone. Kidnapping and extortion—the other key business lines of the cartels—as well as worse crimes, have intimidated Mexican families.

In many areas the media are muzzled by the cartels, and businesses are fleeing areas most dominated by the drug trade.

We in the U.S. are suffering as well the corrosive effects of illegal drugs. We lose almost 20,000 people per year to drug addiction. We spend around $40 billion per year on drugs, which is money that could be spent on more legitimate activity. Some estimate that we lose over $100 billion a year in lost productivity and $15 billion per year in increased health-care costs. I am not sure of the effects in Canada, but I read somewhere that Canada racks up $8 billion per year in annual costs due to illicit drug use.

Now, if all this happened in one day, it would be big news. But it doesn't, and the corrosive effects of this problem carry on, doing its ugly business inside all three of our countries.

We in the U.S. bear a shared responsibility because of market demand in the U.S. for illegal drugs and because of the cash and illegal weapons that flow south from the U.S. into Mexico.

I respect the patriotism, courage and resolve of President Calderon, his government, and his military in their ongoing struggle against these TCOs.

Frankly, they didn't have to do it, but they know that a nation cannot move forward if it's hamstrung by violent criminal organizations, and they are therefore very cognizant that they're in a fight for the future of Mexico. This struggle will not be won on the border between the United States and Mexico. Rather, it will be won inside our own respective countries and elsewhere in the region, and we want to do more to help our Mexican partners master it.

Until recently, U.S.-Mexican military interaction has been hampered by memories of ancient interventions across our 2,000-mile border. But our two nations and our two militaries are steadily overcoming an historical lack of trust and the bonds of respect and friendship between us have never been stronger than they are today.

There is much we can do to help not only with material support, but also by sharing the experience we've gained in recent years countering a different irregular threat overseas.

We have much to share. Nonetheless, we will only be able to do so within the bounds of complete respect for Mexican sovereignty and within the limitations of what the Mexican political process will tolerate, because U.S. military assistance, however indirect, and despite our good intentions and absolute determination to keep Mexicans in the lead, is a tempting political stick for any party in Mexico to use against another.

So, much of what we do from within the U.S. military must be done from a distance.

I think Canada has a big equity here in working with her two North American neighbours to fight a common, corrosive, and growing threat to all of our societies. So I look forward to an opportunity soon to talk in detail with my Canadian partners, and to find complementary ways to join with Mexico in mastering this serious challenge. Indeed, working together to protect our nations and our citizens is the right thing to do. And we two sibling nations have been and will continue to do exactly that.

NORAD has served us very well for 52 years, not only as a vital and necessary security relationship for North America, but also as a superb metaphor for the healthy interconnections that characterize the extent of the bond and the depth of the friendship between our two nations. A bond that caused Canada, on 9/11, to immediately make the gutsy decision to take in 224 flights diverted to 17 airports across Canada, even when there was no way of knowing if other terrorists might be among the embarked passengers.

NORAD Canadians and Americans work shoulder to shoulder every day to protect our airspace, from our headquarters in Colorado Springs to our several regional headquarters all the way down to the flight lines.

And we're beginning to make some progress on our new Maritime Warning mission.

While there's nothing else like NORAD in all the world, our NATO partnership, recently strengthened in Lisbon, is yet another cornerstone of our relationship.

NATO's collective achievements in Afghanistan would not have been possible without the robust commitment and sacrifices made by Canadians. Prime Minister Harper's recent announcement of Canada's commitment to support Afghanistan with humanitarian assistance, developmental support, and training beyond 2011 further underscores Canada's important and leading role as a member of NATO.

But our relationship extends further than NORAD and NATO. USNORTHCOM and Canada Command, born in the wake of 9/11, have also been working closely together. Canada Command supported USNORTHCOM in 2008, when a CC-177 Globemaster airlifted U.S. medical patients out of the path of Hurricane Gustav, and two Canadian CC-130s deployed to Pensacola, Florida to support search and rescue efforts. This was the first time we used our jointly-signed Civil Assistance Plan to coordinate Canadian military support through our two Foreign Ministries in response to a looming natural disaster in the United States.

More recently, working in the other direction during the 2010 Vancouver Winter Olympics, and in addition to NORAD's coverage over the various venues, USNORTHCOM pre-positioned backup support in Washington State and U.S. Navy and Coast Guard vessels patrolled the Straits of Juan de Fuca and Georgia with their Canadian counterparts. We were happy in our supporting role even if the gold medal hockey match didn't turn out as we had hoped!

You should know that I have a great partnership with the commander of Canada Command, L.Gen. Walt Semianiw, with whom I'll be spending three days later on this month discussing many of our common security challenges and opportunities. And, as I've alluded previously, there's no end to our potential future cooperation, from the Arctic, to countering transnational criminal organizations, to shared domain awareness.

I want to reiterate that we are doing all these things, and more, in a changing world that demands new approaches.

Recall that I began my remarks by talking about new security challenges that are riding along shifting and fading borders, including the fact that those who would use terror or criminal activity against us have voted to not honour those old borders.

We're taking on many of these new challenges with plenty of new technical tools. But my concluding message to you is that we often find ourselves taking on these new challenges with old policy tools—tools that were designed with our time-tested fundamental principles of freedom and liberty in mind, but for a much simpler world.

Thus I believe the trick for us in keeping pace with our security needs is not only to invest as required in systems and people to maintain the technical and tactical edges we've always enjoyed but also to find new policy tools—and leverage institutions in new ways—that will help keep us safer from new threats while at the same time maintaining our adherence to the founding principles which we as democratic and free peoples cherish.

I mentioned earlier that we want a safe border between our nations, but one that is open to all the things that have made us prosperous together. This is an apt metaphor. We need to maintain the policy borders that safely protect our freedoms, but are also open to the security realities of a new world. The rubber will meet the road in this area largely in how we share information, how we view in legal terms the people who operate in the vague new regions that have replaced the old borders, and the rules of engagement we give ourselves in countering various threats. This is some of the most difficult and creative work before us. We need to do it carefully, but do it we must.

So thank you once again for your kind invitation to speak today. It's truly an honour. And it's great to visit what used to be the little town of York, which evolved into the birthplace of so many people who've helped shape the culture that my parents and I grew up with—from "America's Sweetheart" Mary Pickford, the great orchestra conductor Percy Faith, actors Raymond Massey, Christopher Plummer, John Candy, Jim Carrey, and Rick Moranis, newsmen Peter Jennings and Morley Safer, TV personalities such as Howie Mandel and many political leaders including Stephen Harper.

God bless the exceptional relationship between the U.S. and Canada, and may we continue to work together to keep wonderful places—such as where you live—free and peaceful.

Again, thank you and I look forward to a couple of questions.

The appreciation of the meeting was expressed by Captain Dr. John Niles, Captain, Queen's Own Rifles, and Director, The Empire Club of Canada.

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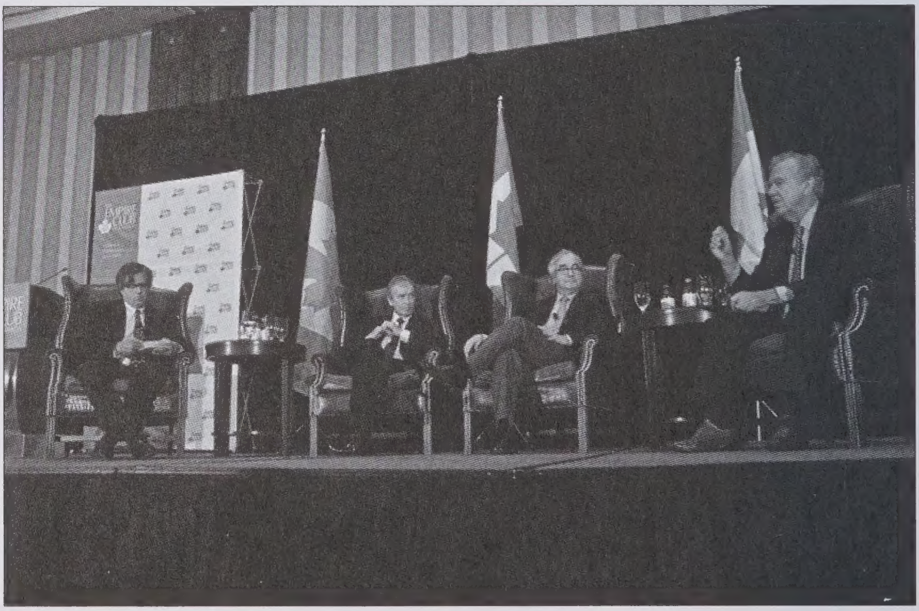

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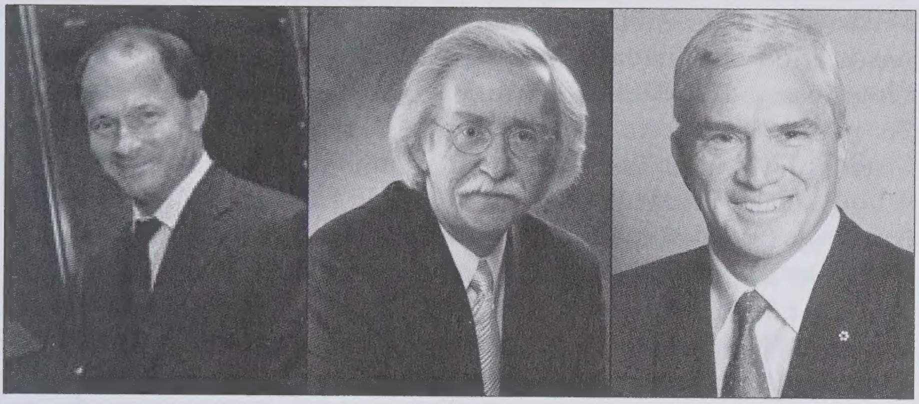


January 6, 2011

Peter Gibson

Managing Director, CIBC World Markets Inc.

Nick Barisheff

President and CEO, Bullion Management Group Inc.

Thomas Caldwell

President and Founder, Caldwell Financial Ltd.

ANNUAL INVESTMENT OUTLOOK 2011

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Alex Squires, Managing Director, Brant Securities Ltd., and Director, The Empire Club of Canada; Brian Bloom, President, Bloom and Burton & Co; David Brown, Partner, Weirfoulds LLP; Wes Hall, President, Kingsdale Shareholder Services Inc.; Russell Stanley, Head of Research, Jennings Capital; Tony Andrews, President, Prospectors and Developers Association of Canada; Peter S. Jarvis, Executive Director, Toronto CFA Society; Mike Miller, Executive Managing Director and Head of Equity Products, BMO Capital

Markets; Ian Russell, President and CEO, Investment Industry Association of Canada; Reverend Bruce Smith, Chaplain, King-Bay Chaplaincy; Bill White, Managing Partner, Financial Advisory Services, IBK Capital Corp., and Director, The Empire Club of Canada; Jay Smith, First Vice-President and Portfolio Manager, CIBC Wood Gundy; Robert Orviss, Managing Director, Investment Banking, Byron Capital Markets; Kris Todi, Student, Marshall McLuhan Catholic Secondary School; Brian Prill, Partner, McLean and Kerr LLP; Thomas Kloet, CEO, TMX Group; Brian Koscak, Chairman, Exempt Market Dealers Association of Canada; and Diane Francis, Financial Post, Editor at Large, National Post.

Introduction by Diane Francis

Peter Gibson joined CIBC in 2009 as Head of Portfolio Strategy and Quantitative Research. Peter's research and analysis is unparalleled in Canada. Third-party surveys have ranked him number one in Quantitative Analysis for 20 years. He has also been ranked number one in Investment Strategy for eight of the last 11 years.

Prior to joining CIBC, Mr. Gibson was Vice-Chairman and Head of Portfolio Strategy and Quantitative Research at Desjardins Securities. Before that, he was Managing Director and Vice-President, Head of Portfolio Strategy and Quantitative Research at Scotia Capital Inc.

Mr. Gibson is a former Advisor to the Minister of Finance and Deputy Prime Minister. He is a regular speaker at industry events and is a published author. Over the years, Mr. Gibson has published thousands of pages of research on hundreds of investment topics. He is also the originator of the Global Industry Classification Standard and the creator of the Global Portfolio System.

Peter Gibson

Mr. Gibson's remarks were not recorded.

Introduction by Diane Francis

Nick Barisheff has focused on the world of precious metals and the advantages of investing in gold, silver, and platinum bullion for the past decade. As president and CEO of Bullion Management Group Inc. (BMG), a precious metals investment company, he uses his understanding of the precious metals markets to develop investment strategies, products and services for clients looking to integrate bullion into their portfolios. His view on the precious metals sector is that gold, silver and platinum in bullion form, are a vital component of an investment program and should make up 10 per cent or more of a well-diversified portfolio.

In 2002, he launched BMG and BMG BullionFund, Canada's only RSP eligible open-end mutual fund trust that invests directly in gold, silver and platinum bullion. Recently BMG launched BMG Gold BullionFund and BMG BullionBars. Mr. Barisheff specifically designed all BMG products to meet the three fundamental attributes of owning bullion: liquidity, no counterparty risk and independent of management skills.

Now, widely recognized as a North American bullion expert, Mr. Barisheff is an author, speaker and financial commentator who is a regular contributor to several investment newsletters and magazines and regularly appears in the media to provide his view on precious metals, economics, and the markets.

Through BMG, Mr. Barisheff is continuing to develop products and services that allow investors of every level, from institutional to "do-it-yourself" individuals, take full advantage of investing in and holding uncompromised bullion in a portfolio.

Nick Barisheff

Good afternoon. It is a pleasure to return to the Empire Club to discuss the outlook for gold and precious metals in 2011. I know this may appear to some to be an enviable job—getting to speak about the one asset class that seems to continually out-perform all others year after year—but it is a double-edged sword.

I've struggled to find an appropriate simile. The best I can come up with is that speaking about gold is like one of those good news bad news jokes, you know the ones—your doctor phoned with some good news and some bad news. The good news is they will be naming a new incurable disease after you.

The good news is that gold is rising in value; the bad news is... well nearly everything else about the economy.

This year we travelled to the Middle East, the Far East and South and Central America to discuss gold. The different mindsets about gold we encountered there surprised all of us. Most people in these countries see gold as the protector of wealth. In the West, we view gold as a commodity for speculation.

USWestern economists treat the act of buying gold as an admission of defeat and their attempts at disparaging gold's steady rise became even more tenuous than ever this past year. Some of these disparaging opinions include:

- "Financial tightening will cause commodity prices to fall."
- "Gold is in a bubble."
- "The gold stocks haven't confirmed the gold bull."
- Perhaps most desperate of all, "The economy is on the road to recovery."

Despite these protests, gold had another remarkable year. It was up 25 per cent in 2010, which marked its tenth straight annual gain.

Although we are speaking about gold today, I would be remiss in ignoring silver's performance. Silver is up 78 per cent in 2010 as it is, like gold, beginning to assume its role as a monetary metal. Platinum was also up 17 per cent.

When we look at a 10-year chart of the U.S. and Canadian dollars, the Euro, the British Pound and the Yuan, we see that these five major currencies have lost between 70 to 80 per cent of their purchasing power against gold over this 10 year period. In truth, gold is not rising, currencies are falling in value and gold can therefore rise as far as currencies can fall.

Three Short to Mid-Term Trends

I'd like to pick up where we left off last year with a review of three dominant medium-term trends that put upward pressure on the price of gold in 2010 and will likely continue to in 2011. Then I'd like to look briefly at three longer-term, irreversible trends that will put downward pressure on currencies resulting in upward pressure on gold for decades.

First, the three dominant mid-term trends we discussed last year.

These are:

1. Central bank buying
2. Movement away from the U.S. dollar
3. China

Central Bank Buying

In 2009, for the first time in 20 years, monetary gold, or central bank and investment buying, outpaced gold buying for industrial or jewellery purposes. In 2010 China, Iran, Russia and India's central banks were all significant buyers as they moved cash reserves to gold.

In Q3 of 2010, Russian central bank gold holdings rose 7 per cent to 756 tonnes. In 2010, the Russian Central Bank bought two-thirds of its own gold production.

In December we learned that China had imported 209.7 metric tonnes of gold in the first 10 months of the year. This was a 500-per-cent increase over the same period of 2009 and on top of their world-leading domestic gold production.

By the third quarter, India's gold imports, both commercial and private, for the year were 624 tonnes, putting them 100 tonnes above the previous year's total of 595 tonnes. Fourth-quarter purchases could put India's annual total over 750 tonnes.

China and Russia need to acquire gold to bring their gold reserve ratio to outstanding currency closer to Western central banks. Russia needs to acquire at least 1,000 tonnes and China at least 3,000 tonnes to remain on parity with the U.S. Chinese officials have stated publicly that China would like to acquire at least 6,000 tonnes. Unofficially they have stated targets as high as 10,000 tonnes.

Movement Away from U.S. Dollar

Last year we quoted a November 2009 story written by veteran journalist Robert Fisk claiming Russia and China along with France, were working on an agreement to trade oil with Arab states using currencies other than the U.S. dollar. As expected, central bankers fervently denied these rumours. The U.S. dollar has since 1973 been the only currency that oil could be traded in. This is the only reason the U.S. has been able to amass nearly $14 trillion in debt. Loss of the petrodollar's hegemony would have a devastating effect on the U.S. as this is essentially the only reason foreign countries in the past needed to hold U.S. dollars.

On November 24, 2010, China and Russia officially "quit the dollar" and agreed to use each other's currencies for bilateral trade—including oil. Official trading on Moscow's MICEX Index began December 15th, 2010.

In 2009, Robert B. Zoellick, made his well-publicized comment that, the U.S. would be "... mistaken to take for granted the dollar's place as the world's predominant reserve currency." And that, "... looking forward, there will increasingly be other options to the dollar." In 2010 he continued hinting at a new reserve currency made up of five currencies with gold as the "reference point." He also called for a new Bretton Woods agreement this year. Mr. Zoellick is no lunatic goldbug. He's the President of the World Bank.

China

Last month, I was a speaker and panellist at the China Gold and Precious Metals Summit in Shanghai. I can confirm that Chinese buying, both official and public, is a major trend that is not only well in place, but may be the single most important influence on the price of gold in 2011. As I said, the Chinese see gold quite differently from the way we see it. If we are to understand gold's price direction in 2011 and beyond I believe it is essential to understand the "mindset" the Chinese have built around gold.

Economic Mindsets and Gold

Although the forming of economic mindsets is a complex topic, I'd like to simplify how major financial mindsets are created in one sentence. What our government, our banks and financial media tell us about money is what most of us will accept as our financial mindset or financial reality. If anyone doubts the power of government economic policy to shape mass economic reality, just look at how we have changed our attitudes towards debt, saving and economic value over the past 40 years. Our current debt-based mindset began to form the day the U.S. dollar, the worlds reserve currency, was removed from its final international peg with gold in 1971.

Different Attitudes about Gold

Although the West shares many common economic principles with the East, as the capitalist banking systems are similar, there is one area where there is a clear distinction—this is how Easterners view the role of gold as money.

Western governments fear gold. It restricts their ability to create currency.

In the West, governments borrow and encourage their constituents to follow their example. Banks encourage us to borrow for everything from vacations to widescreen televisions made in China. They tell us we are "stimulating" the economy through consumption. Generally speaking, the investing public in the West sees gold as a wealth-gaining asset to be traded like stocks and bonds. This is why Westerners are constantly fretting about the price of gold in currency terms.

The Chinese government, on the other hand, respects gold. This is evident by the laws they have passed to facilitate mining and private gold ownership. China currently leads the world in gold production.

The government encourages the public to put 5 per cent of their savings—yes they encourage savings—into gold. This is significant because the Chinese can save up to 40 per cent of their annual salary. In the West, most middle-class families are lucky to break even. The Chinese see gold as a wealth-preserving asset that will weather all seasons. This is the difference that I believe anyone who wishes to fully understand gold's rising price must comprehend. Inhabitants of older countries, who have lived through the destruction of an inflation fuelled currency crisis, do not need to be reminded that gold is the most effective hedge against inflation and a currency crisis.

Former CEO of Newmont Mining, Pierre Lassonde also feels that it will be buying by the Chinese public that will eventually propel gold prices into the stratosphere.

Three Irreversible Trends

Clearly, the three medium-term trends we noted last year are still firmly in place. Now I'd like to look at three longer irreversible trends that I believe will affect the price of gold and currencies for decades. These are:

- The aging population
- Outsourcing
- Peak oil

The Aging Population

The aging population is a combination of a population that is living longer and the "pig in the python" effect of a huge tidal wave of "baby boomers" born between 1946 and 1963 who are just starting to enter retirement age. As people age, they spend less and downsize. GDP and tax revenues are reduced and a much smaller work force follows the baby boomers so this is a triple whammy. This problem is universal. In China, it is further exacerbated by their one-child-per-couple policy. Governments will have no choice but to create more currency and further debase it.

Outsourcing

Outsourcing has almost entirely destroyed the manufacturing sectors of many first world countries like the

U.S. and Canada and much of Europe. The Chinese worker who built your IPhone made $287 a month; this was after a well-publicized raise. The West simply can no longer compete with these labour costs. The United States was the world's largest manufacturer after WWII and has driven the world's economy ever since. However, the U.S. consumer can no longer buy things as they lose their jobs. As factories move off shore the high unemployment becomes systemic. Without jobs, the GDP and the tax revenues of the U.S. fall. The mountain of federal, state and municipal debt will become even harder to service and the government will be forced to go even deeper in debt and to further debase its currency.

Peak Oil

Peak oil is the point at which the maximum rate of global petroleum extraction is reached, after which the rate of production enters terminal decline. This has already happened in the U.S., Alaska and the North Sea. In the next few years Mexico will become an importer of oil and the U.S. will lose its third-largest supplier. Our fragile, highly indebted economy relies on this land-based cheap oil to continue and it cannot withstand the shock of transitioning to more expensive alternatives. In September of 2010, a German military think tank reported that the German government is taking the threat of peak oil seriously and preparing accordingly. Numerous studies around the world have concluded that we are very close to peak oil production, which will be accelerated due to gulf-drilling bans.

This will lead to higher price inflation for most goods. This will be another blow to the fragile U.S. economy, which currently pays less for oil and gas than any of the first world countries. When added to the effects of the waning strength of the petrodollar the results will be devastating.

May I remind you that if China, which currently has one tenth the number of cars per capita as Americans, was to reach par with the U.S., we would need, by one estimate, seven more Saudi Arabia's to meet their needs.

These three mega trends will continue to lower the GDP, lower the tax revenue, create higher trade deficits, create higher unemployment, resulting in the need for further currency creation. This will cause inflation to rise as currencies depreciate in value and create higher universal debt. All of this means the gold price will continue to rise.

Competition for the World's Gold

Finally, as a direct result of worldwide debt and currency debasement, more people will be competing for the world's available gold. We discussed peak oil, but gold is also reaching a peak as fewer and fewer new deposits are being found. Smaller, lower grade deposits with none of the "economy of scale" benefits of larger deposits are being put into production out of desperation. Mine supply has been in a decline since 2000.

As safe haven demand accelerates, there will be a transition from the $200 trillion of financial assets to about the $3 trillion of above-ground gold bullion. Of the $3 trillion of above-ground gold bullion about half is owned by central banks and half is privately held. The privately-held gold is largely held by the world's richest families and is not for sale at any price. The central banks are now net buyers. If the world's pension funds and hedge funds moved only 5 per cent of their assets into gold, which these days seems quite conservative, gold would trade above $5,000.

So in conclusion, I will say that without any new financial crisis, both mid-term and long term trends are in place to ensure gold and silver will continue rising through 2011 and well beyond. For those of you who are looking for a prediction… last year at the Empire Club, I forecasted that the price of gold to be between $1,300 and

$1,500 at the end of 2010. We ended up right in the middle at $1,405. For 2011, I recently forecasted it may climb to $1,700 to $2,000 per ounce based on the last five years performance and the factors I have presented today.

I encourage you to follow the example of those who know how devastating a currency crisis can be and buy gold to protect wealth and not treat it as speculation. I'd like to close with a quotation that seems to put all of this into perspective. It comes from Norm Franz's appropriately titled book, Money and Wealth in the New Millennium. He said, "Gold is the money of kings; silver is the money of gentlemen; barter is the money of peasants; but debt is the money of slaves."

Thank you.

Introduction by Diane Francis

Thomas S. Caldwell graduated from McGill University in 1965, and has been actively involved in the investment industry since that time.

Mr. Caldwell is Chairman of Caldwell Financial Ltd., an organization founded in 1980. Caldwell Financial Ltd. is a diversified investment company with subsidiary organizations providing investment management, brokerage and insurance services to a broad spectrum of investors throughout North America and around the world.

Mr. Caldwell is also President and a Director of Urbana Corporation, a Member of the Conference of Defence Associations Institute, and is on the Board of Associates of the Whitehead Institute for Biomedical Research at MIT.

Mr. Caldwell is a past Governor of the Toronto Stock Exchange and one of the leading experts in capital markets, particularly in trading environments. He is recognized as one of the world's foremost investors in securities exchanges. Caldwell Financial Ltd. and its affiliates were the second-largest owners of the New York Stock Exchange prior to the NYSE's demutualization. The company, through various Limited Partnerships, currently has investments in most major securities exchanges around the world.

Mr. Caldwell has, through his career, been actively involved in addressing social and community needs.

He was awarded Her Majesty's Golden Jubilee Medal in 2002 for his activities on behalf of Canadian Veterans. In 2003 he was appointed a Member of the Order of Canada for his work in assisting those in need as well as contributing to institutions working to better the lives of others.

Mr. Caldwell and his wife Dorothy have been married since 1966, have two sons, Brendan and Theo, and four grandchildren.

Thomas Caldwell

Mr. Caldwell's remarks were available only in point form.

FORECAST 2011

- Insight into my thought processes.
- January 8, 2009 forecast re: strong double-digit gains.
- Not self-serving.
- Reason: If wrong, now batting average still OK at 500.
- 2009 was an easy call. The prevailing "wisdom" was the world was ending.
- When things the darkest remember 2 things:
  1.We rarely hit the extremes and
  2.Many people on the Titanic turned down dessert. There is always something positive to do.
- BUT the world was not ending and we were not on the Titanic. When everyone thinks they are, it means you can get some real bargains eg jewelry. Note RSPs talks re: Y2K.
- You make money in markets from change—changes in reality, perception, confidence, prevailing "wisdom" or just surprises.
- I focus on big caps so I need crises or uncertainty to acquire bargains and euphoria to flatten positions.
- The good news is most investors are manic. We always overshoot on the up and down sides.
- Although an habitual optimist, I create value by being a bit of a contrarian.
- We do have some good news at present, which always makes feel a little nervous given our manic tendencies.

LOW INTEREST RATES

- Low inflation (if you believe the #s and you don't have to eat or travel). Note the contest between inflation and deflation.

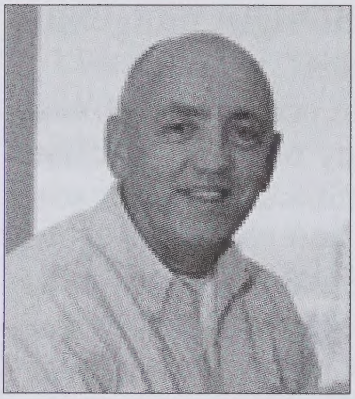
- Improving economic and corporate performance.
- Large cash reserves in corporate and investor hands.
- Banks starting to lend again—recalling what they were originally created to do.
- Dividend yields exceeding bond yields. More sense to own the bank than have money in it. Note CIBC paper vs dividends.
- High Corporate efficiencies from employment cut backs.
- Emerging economies keeping things going until west discovers the world order has, in fact, changed. BRIC countries don't care about our sense of entitlement re jobs or salaries or lifestyle.
- Resource prices all holding up well energy, metals and gold etc. (want to hear Nick's comments).
- Further, good news is that many resource company researchers are using conservative commodity prices to come up with discounted cash flows in their share valuations. Eg: Gold at $1,000 or $1,100 vs $1,500. A surprise could be that commodity prices remain high.
- Re commodities—do not trust China stats.
- Some concerns re Euroland, but now on page 6 since we have discovered that the problem countries have the approx economic impact of Mississauga. Mayor Hazel could do a better job of running them by Blackberry.
- Euroland will get resolved.
- My concern is everyone recognizes these factors and we have now become optimistic. What can change here is a series of positive earnings surprises from corporate America. This can continue the recent uplift through 2011.
- ie. The optimists may become more optimistic.
- Now for the bad news. Remember I like this stuff because it cools out the euphoria and allows us buying time. Still an optimist.

THREE KEY NEGATIVE FACTORS

1. Washington
2. Washington
3. Washington

- First, Dodd Frank will solve the unemployment problem for lawyers as SOX did for accountants—with no real benefit. Eg. SOX did not save one investor $1 despite its horrendous cost.
- Regulators and legislators always want to be seen as doing “something” and forget the truism that less is more, simpler is easier to police and to comply with. This holds for Canada as well.
- Confusion, regulatory strangulation and chaos are the current impact of Dodd Frank within the financial sector.
- Second, the U.S. dollar. Love the phrase used over the past 2 years “The U.S. has a strong dollar policy.” It is like WMD. If you say it enough, it must be true.
- The fact is the U.S. dollar has declined approx 30 per cent over the past 2 years. The irony of this is they are upset at the Chinese for following them down, ergo the Chinese are cheating.
- The point is America is looking attractive, despite my next point.
- Third, U.S. spending and unchecked deficits. President Obama wants to be liked. If you need that approbation, don’t become a leader.
- His recent “victory” in that regard was keeping the Bush tax cuts while simultaneously increasing unemployment benefits. There is decisiveness for you.
- This brings us back to the complete lack of will and spine to counter our “age of entitlement” and deal with deficits.
- Again, all of this is known. Where can the change or surprise come from?
- Churchill!

- “America will eventually do the right thing, after exhausting all the other possibilities.”
- America has a large and dynamic economy with massive earnings horsepower in many of its corporations particularly financial services, technology, pharmaceuticals and many others.
- The reduced U.S. dollar, confusion and concern in the financial sectors, the printing of more money, economic improvement, more M and A activity, and increased financing all point to that laggard, the financial services sector in the U.S. as one to emphasize.
- Companies just out of the Intensive Care Unit such as C and B of A have excellent possibilities over the next year and beyond.
- Health care is another sector strangled by regs and seen as non growth. Many have good yields while you wait for government to realize there are few new drugs coming on line.
- Bottom line: Good news being muted by bad news means markets are not over priced in both Canada and the U.S.
- Forecast combined dividend and share growth will put 2011 into double digit growth numbers for a third consecutive year.
- Banks in Canada, yield and growth. Canadian insurance cost recovering from their suicidal tendencies and U.S. financial services B of A and C as poss signif 2 year gainers.
- I was once accused of “talking my position.” Why would I discuss stocks I didn’t own?
- Our organization and myself hold positions in each security I have mentioned.
- Have a great 2011!!



January 20, 2011

Duncan Hawthorne

President and CEO, Bruce Power

THE CRITICAL DECADE: THE CONTINUING ROLE OF NUCLEAR POWER IN ONTARIO

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

John Walker, President, Universal Mobile Solutions, and Director, The Empire Club of Canada; Reverend Chris Miller, Minister, Oriole York Mills United Church; Ron Moleschi, Chairman, OCI; John McManus, Executive Vice-President, Borealis Infrastructure; Noble Chummar, Partner, Cassels Brock and Blackwell LLP, and Director, The Empire Club of Canada; Dara Potts, Student, Riverdale Collegiate Institute; Don MacKinnon, President, Power Worker's Union; Ian Howcroft, Vice-President Ontario, Canadian Manufacturers and Exporters; Alex Lolua, Director of Government and Public Relations, International Brotherhood Electrical Workers; and David McFadden, Partner, Gowlings.

Introduction by Tim Reid

Duncan Hawthorne is the President and Chief Executive Officer of Bruce Power, the largest independent power generator in Ontario.

With roughly 30 years in the power-generation business, Duncan began his career as a craft apprentice in the Scottish electricity industry and advanced to hold senior positions in power companies in the United Kingdom, United States and Canada.

As the executive lead during the acquisition of several power plants in North America, Duncan was responsible for the acquisition of the Bruce nuclear facility and the formation of Bruce Power.

Duncan is an active advocate for the nuclear industry and is the Past Chairman of the Canadian Nuclear Association and current Chairman of the prestigious Board of Governors of the World Association of Nuclear Operators—Atlanta Centre.

Duncan's leadership has been recognized by his peers through a series of awards such as the Ontario Electricity Association Leader of the Year and the Ian McCrae award for leadership in the Canadian nuclear industry. He has also been honoured by the Association of Power Producers of Ontario with their 2004 Hedley Palmer Award for outstanding contributions to Ontario's electricity generation industry and by the Energy Council of Canada as their 2005 Canadian Energy Person of the Year.

Duncan is a chartered engineer with an honours degree in control engineering and an MBA from Strathclyde University in Scotland. He is a Fellow of both the Institution of Electrical Engineers and the Institution of Mechanical Engineers.

Duncan Hawthorne

Good afternoon everyone. Thank you to the Empire Club for giving me the chance to speak. People who've heard me speak before would not be surprised to know that, although I have paper here, I'm probably not going to use too much of it. The reality is that I think I'm amongst friends and colleagues here today. One of the other things that Terrence also said in his comments—I don't know about rising from the mud and dirt—but he did say that I was a plain-speaking person. So I think that's what I'm going to be today. Some people might think I'm too plain speaking, but that will be a problem for later.

The truth is that I've been in this industry 40 years. This is my 40th year. I know I look far too young to have been in an industry 40 years, but there it is; the time's gone very quickly. The interesting thing is almost all of that time has been spent in the nuclear industry. I've seen many cycles in our industry. I feel that that longevity, if you like, affords me the opportunity to give you a sense of the industry because in reality the industry is in a state of tremendous flux right now. Of course, you can pick up any paper in Ontario now and see the debate that's going on, and I'll give you some thoughts on that. But it's certainly the case that throughout the world there's a changing fortune of the nuclear industry. I can tell you that in my career I've seen many of those cycles.

When I thought about what I wanted to talk about today, there are a few things which I think are worth reminding ourselves about in our industry, because they actually do shape what we are today and what we can be in the future.

Firstly, I can look around the room and I can see people with similar longevity in the industry. Those are people who will remember the first coming of the civil nuclear program. What we talked about then was nuclear power, too cheap to metre. Does anyone remember that slogan because it certainly was a big deal at the time? It's not our story today. It's not what we're about today. The truth is that the bloom went off the nuclear rose when the Chernobyl event happened in 1986. It sent shock waves through the world and I think it reminded people, in a very stark way, the enormous power and energy source that resides inside our civil nuclear program.

For me, actually, I remember that event very vividly. Those people who were working in the industry probably can tell a story similar to mine, but I'm going to tell you because it helps paint a landscape for nuclear.

It was 7:00 p.m. in Scotland when I was working as a young shift instrument engineer. I was responsible for all of the instrumentation on the plant. I got a call from a worried shift manager who said, "Our boundary monitoring equipment has gone into alarm." We had 26 monitors that were sitting on the outside perimeter of the plant.

They were designed to look for any events in our plant that might result in an off-site release. They were part of our emergency plan. The message he gave me was, "All of this equipment's going in alarm. Can you go out and check what it is?" I left my office. It was in Scotland, remember, so it was raining really heavily. That could be almost any day in Scotland, by the way, but that's a different speech.

The reality is I went out believing I would find a software problem that had actually affected all of our monitors. What I found instead was that every one of the monitors was in a genuine state of alarm. What I was watching was radioactive rain in Scotland coming from an event, which at that time I knew nothing about, because, of course, there wasn't a very timely communication coming out of the Chernobyl facility. It just looked to us like an unexplainable radioactive event, and it was only over the next 24 hours that we started to understand what it was.

At that time, as a young engineer, I did what most people would do. I phoned home to my wife and said, "Close all the windows and doors and bring our precious five-year-old daughter in. Make sure she's not outside." The reason I tell you that story is because every one of us who works in the nuclear industry has been personally touched by the Chernobyl event. I don't need anti-nuclear people to tell me what that event meant. I lived through it. One of the things I'll tell you is that as an industry we were entirely transformed by that event. We knew what it meant. We knew what it meant for our industry, but some of us knew what it meant for our families. It shook our confidence in our technology and it encouraged us to do everything so much better.

Here we are in 2011, 25 years after the Chernobyl event. We are no longer that industry. We're not the industry that is too cheap to metre, but we are also not the industry that people need to be worried about in terms of our standards of operational excellence. We created an organization called the World Association of Nuclear Operators (WANO), which is designed to self-police.

Before I came here today, one of my engineers came to talk to me in our office on Front Street and said, "Duncan, we've got a group of people in the boardroom. Could you come in and welcome them and say a few words to them?" I walked into the boardroom and I saw people from Korea, MIT in the U.S., a number of U.S. utilities, all of the Canadian utilities, all in a room, and a number of people on a conference call talking about an international issue on fuel. Really, for me, it characterized exactly what our industry's all about. After the Chernobyl event, we realized that we're all hostages of each other. We have tremendous skills individually, but they are much stronger if we collaborate and work together. That's a very strong message and it's an industry unlike any other.

If you read the newspaper, generally you will find that in the U.S. there is a tremendously strong pressure on the oil industry now to replicate what the nuclear industry does. After the event in the Gulf, the industry was asked to consider forming something that looks, I'd say, almost identical to WANO to self-police and share best practices.

We are an industry that can actually be trusted to operate our plants. That is one of the most important things I want to be able to tell people today. There will always be people who want to make Chernobyl sound as if it happened yesterday and that we are still that same industry. That's not who we are. All of us who were working in the industry 40 years ago and are now privileged enough to be in a position of leadership in our industry remember that. We remember that event and we have personal stories. We're all entirely committed to make sure we never repeat that event.

When you turn that into a Canadian story, we've been in the nuclear industry in Canada for 60 years. See how quickly I became Canadian there. I just switched like that. Tim has asked me how long I've been in Canada. It is eleven years now. No one ever forgets their place of birth, but I'm as proud a Canadian as you'll find anywhere. That pride comes from not just the people I've interacted with, but I'm proud of our industry. I'm proud of our nuclear industry and how it has developed. I've seen tremendous pioneering spirit in our technology. I've seen tremendous quality in our academic programs and in our engineers and in the craftsmen who show up every day to keep our plants in operation.

But the reality is I've also seen the effects of a dislocation of opinion. For example, I can go to France and I can talk to the energy minister and he can show me his nuclear program from now until 2060. He can tell me what they're going to do. He can tell me what pedigree of plant is running today. He can tell me that in 2030 they intend to bring online the first generation-four nuclear plant. They're already building generation three. He can speak about the European Pressurized Reactor (EPR) project and he can speak about the funding. They have a long-term view of the industry. The challenge for Canada, and it's really very obvious in the media right now, is what kind of industry we want. What kind of industry do we see?

The one thing I know from my experience in this industry is you cannot be schizophrenic about the nuclear power industry. It requires sponsorship, not subsidy. It requires sponsorship and commitment. My message to anyone who has an interest in fixing some of the issues with our nuclear program, is start with a view of what you want to be. I would argue that if Canada sees itself as being an energy superpower, then it has to be more than just a digger for oil. It has to be broader than that. There has to be a leadership role.

We are fortunate to have a technology that is all of our own. We designed it on our own. We were one of the first people to come up with this technology and manage it, and for many decades Ontario has benefited from the role that nuclear plays. Fifty per cent of our power comes from our nuclear plants. Many people don't know that. There are still a large number of people that believe Niagara Falls is all we need. That may have been true 80 years ago, but it's been a very long time since that's been true. This province has been heavily dependent on nuclear for a very significant time. The question is, if you don't want nuclear power, then fill in the blank. But there is no credible blank. We are dependent on nuclear power in this province.

The other thing is a changed environment. Maybe we're not too cheap to metre, but we still represent a low-cost, high-volume emission-free, safe-energy source. That's why, as you look across the world, you can see many countries very, very actively pursuing nuclear power, some places that we ourselves would consider to be energy rich. Just several weeks ago I was invited to go to Saudi Arabia, a place that we would probably consider to be an energy-rich country. Its economy is entirely built on the oil industry and yet it is now aggressively pursuing nuclear power. In fact, it intends to create a city called King Abdullah City for Atomic and Renewable Energy and it is going to push very aggressively to enter into that world.

Why would an oil-rich country consider nuclear? It's actually for the same reason many countries consider nuclear. It's not that they don't have their own resource, but they see their economy growing and developing. They see demand growing at 6 per cent per year and they recognize that if they don't find an alternative source by 2030, 80 per cent of their daily oil production will be consumed domestically to meet their own needs. That's just not palatable in their economy. So they are looking at alternatives.

Actually, for Saudi, perhaps not like us, it can count on the sun every day, so it is going to go very aggressively into solar. It thinks it can do that for $25 a megawatt hour.

I would do solar every day of the week if that was the case, but it can count on the sun. The other thing it is very keen to do is embark on an aggressive nuclear program.

Now I didn't come here to talk about Saudi Arabia, but my point is that that story has been played out throughout the world as people move for more nuclear. What then is the role for Canada? Well, Canada's role actually, for me, is in two or three different ways. Some of the reasons that companies are successful internationally are those that you'd expect to see in any industry. I can tell you that you cannot go to any country pursuing new nuclear and not find that there's been a visit from the president or the prime minister of those countries that have vendors. Wherever AREVA goes, Sarkozy's been before it—everywhere. Political support for the company is clear, visible and obvious to all—and it is in a very fortunate position. I don't think Canada has shown that leadership for a large number of years and I can tell you there are some critical success factors for our industry that we have to make up our mind on. People will no doubt want me to talk about our role in AECL and what we did or didn't do. Were I involved in Atomic Energy of Canada Limited (AECL), I'd be bound by a confidentiality agreement, which I'm not confirming. I'll not be talking about that.

But what I will do is give you my view on the critical success factors for our industry. I can tell you that in my career, if I've had any success at all, it's been built on a couple of important things because of the way I was brought up. It's about trust and it's about integrity. It's about openness and honesty. People have to believe what you say. They have to trust you. That's particularly true when you're embarking on a nuclear program. It's also about consistency. You can't say one thing today and something else tomorrow. People have to know where you stand and that you will always be in that same position.

That's not the case with our nuclear program. We've been schizophrenic. Do we want to kill it? Do we want to defeat it? Do we want to sell it? Are we happy with someone else coming in and we'll become passive and just import the technology? We've talked about every one of those options. Make up your mind. Make a plan. Stick to it.

The other thing, which is obvious to me, is you need a partnership. In my career, I've always looked to partner with people who have similar interests. That's why I'm happy to see Don here today. That's why I'm happy to see Alex here today. Our craft, our skill, and our people are fundamental to our success. You can make this a very complex industry or you can make it a very simple one. People make this industry. When people ask me what business I'm in, I'm in a people business. Sure, we're splitting atoms every day. It sounds complicated, but it's all about people. And the reality is, if I look at the energy needs of this world and if we had no nuclear power today and I walked into this room or maybe into the Dragon's Den and said, "I've got an idea of splitting atoms and doing all these wonderful things to create power," I'd be hailed as the saviour of the planet.

Today, because we've had nuclear power for 60 years, we're sort of blasé about the fact that we have learned how to split atoms, harness our energy and provide much-needed power across the planet. But in many countries that are embracing it for the first time, nuclear power is actually being viewed as the saviour. There are many countries you go to now that actually have no solution if they are not invested in nuclear. Canada has to decide on two things—firstly how to deal with our domestic challenge and secondly whether this is an opportunity for us to leverage and grow our international footprint. I think it is. But the first thing I would say is we need certainty.

Even if AECL were sold tomorrow, and we were the bidder, which I'm not confirming, the one thing I'll tell you is there is no exit for the federal government. There is no exit for a federal government from a nuclear industry. Once you're in the nuclear industry, you're in it. The only question is whether or not you want to be fully committed and visibly supporting it and actively promoting it or whether you want to accept it as a liability and risk. But you're in it and nobody is ever letting you exit from it. So it's important that the federal government recognizes the opportunity that an industry seeing global growth actually presents.

The first message I'd give is that political support federally is fundamental to the success of our industry, not subsidy; support, visible support. Here in Ontario we've got a different story. We've got a very strong commitment to the role of nuclear and it's embodied in the long-term energy plan. I'm not going to talk on the political front, but I can tell you that the PC leader, Tim Hudak, and the Liberal leader, Dalton McGuinty, might disagree about a million things, but the fact that we need nuclear is not a source of disagreement between them. They might argue about how much. They might argue about how quickly, but neither of them would advocate a world in Ontario without nuclear.

The challenge for us as an industry, which is the second part of the building block, is that for 30-plus years we have demonstrated our ability to operate our plants in Canada safely and to the highest standard. We've passed that test. But as an industry, what we have not passed is a test that shows we can refurbish these plants on time and on budget and we can be trusted to do that. Clearly our restart project has been a challenge. Frankly, I think some of the criticism we've received is warranted. But behind that big story is a tremendous story of engineering innovation. We have found a way to dismantle a nuclear reactor using first-of-a-kind robotics equipment, an incredible quality of engineering and good science. No other country has even tried to do that. Rather than celebrate our engineering ingenuity, we want to crucify ourselves for being overly optimistic about how quickly we could do it. There is some criticism for being overly optimistic about how quickly we could do it, but it should not be allowed to entirely undermine the fact that we could do it at all. I think that's a big mistake.

The second thing I would tell you is over the years, as we've improved operation, we've done it because we've shared our experience. We have learned together. I can tell you that on our site today, as part of our refurbishment project, you will find people from New Brunswick Power, Ontario Power Generation, Hydro Quebec, Korea, because we're sharing that experience. There are no winners and losers in our industry. We found that out in Chernobyl and we are finding that out now as part of refurbishment. We are a group that shares our experience and learns. I am more than confident that the next refurbishing in Ontario can be carried out in a more productive and certain manner. We have to find a way to coordinate it and we have to build partnerships.

When I look around the room, I see all the partners. I just don't see how you bring them all together. I see organized labour, that has been my partner as far as I'm concerned, throughout my entire career here. I see vendors and designers in the form of AECL. I see building trades. I see investors and I see people of influence in this room who understand the role that we play. We just have to have that coalition of support become something that we can act upon.

The reality is with nuclear, once you're in, you're in. You can't have short-term decisions. I want to offer those young people in the corner of the room a long-term career for life because that's what the nuclear industry is. That's what it's been for me and it's what it's been for most people that have joined this industry. We understand we are a specialist group. If you invest your career in it, then you have to have a long-term view of the industry. It's not made for retail politics. It never was. The advantage of Ontario's long-term energy plan is it has some of my favourite words, "long-term" and "plan," because that's what we need. That's what this industry needs because then Don can speak to schools and colleges. He can train replacement people. Alex can do the same with the building trade skills if people can see a long-term future.

The same is true for the energy system. It can see that 50 per cent of its power from nuclear power can be relied upon. When it comes to new nuclear, I have a pretty simple view of the world. We operate CANDU plants. They have served us well. The technology is a niche technology. So what? It's a niche technology. But if it serves us well and it meets our needs, then let it be a niche technology. It can still be very viable and it can approach a niche market.

I can tell you when you look at some of those new entrant countries, many of them see the attributes of the CANDU design to be exactly what they need. They're smaller units; they use natural uranium fuel, which for lots of countries, is a very important issue. When you talk about nuclear non-proliferation and those matters, they are front and centre.

When Tim talked about my bio, the one thing he didn't say, because it's not public yet, is I was asked to join the board of a new group that was formed after President Obama's meeting in Washington, which is called the World Institute for Nuclear Security. It's funded out of the International Energy Agency (IEA) in Vienna and it was entirely created because of our concern about nuclear proliferation, particularly because of all these new countries that are now starting to talk about having nuclear power. There's a concern about the stability of our world if they start enriching fuel in their own right. CANDU is a solution for that. It's an opportunity for us to sell it, but we have no right of passage. We have to sell our industry. We have to promote our industry and that's where I believe the federal government can play a role.

I will tell you that I have been both impressed and frustrated by AECL, sometimes in the same meeting. I've been incredibly impressed by the ingenuity and skill of their engineers, who are obviously here today. But at the same time, there is what I call a kind of victim mentality there, which is a function of not knowing where they stand with the shareholder. It's impossible to do a job if you don't know where your shareholder is and you live from day to day. You need a long-term plan and you need a long-term commitment.

I can also tell you that the ingenuity of the engineers doesn't always lend itself to good commercial negotiations because engineers are by their very nature, and I'm an engineer, optimists. We always have been. I can design anything and it will work flawlessly. If you try and build that into your contract, you're in trouble. What happened in the refurbishment projects is what it is. The equipment works, but does it go at the speed we thought it would? No, but we learned lessons. We improved the equipment. In the commercial sense, AECL blew its brains out on the refurbishment contracts, not in their ability to engineer them, but in their ability to find a way, to find a good balance between engineering expertise and contractual negotiations. We've felt that pain. We've shared that pain. But that does not flaw the quality of what AECL is as a company at heart. Much of its lessons have already been learned. It's now a case of going forward.

I tell the Premier, if he's listening, and I'm sure he watches this every time it's on, my message would be that all of our baggage, if you like, does not prevent progressing with a CANDU build at Darlington. If I were looking to do that, I would recognize what AECL is good at and what it's not good at. You can buy a design from AECL tomorrow with confidence. Maybe you don't trust them to build it. That's okay too. I wouldn't trust them to build it. AECL wouldn't build it because that's not what its expertise is. That doesn't stop a deal being done with the Province of Ontario for a CANDU design. And once that design deal is made, then it can go out and competitively bid the construction. Every one of those companies is in the private sector and we can deal with the risk that way.

This whole issue is that the feds don't want to take a risk and the province doesn't want to take a risk. Neither of them needs to take the risk. Choose the design, lock in the design, work with the supply chain on the materials and have builders such as SNC bid on the construction. In fact, to be honest, SNC would rather just be given the job. The reality is, if you want to build a downtown building of high integrity, you do not go to the builder first; you go to the architect. You choose a design and then you bid the construction work. That's how I'd progress with nuclear in the Province of Ontario. I think it makes all kinds of sense.

I've probably used up all my time. Tim gave me a warning, but let me finish by saying my logic has always been the same. There is a role for every type of technology in this province. It's just a question of how much makes sense. We are in a unique province, but the one thing I will tell you is that most countries, most places I've been to, use what God gave them—sun, wind, rain and uranium. Thank you all.

Question

Why is nuclear power viewed as expensive?

Answer

It's one of the big challenges we have because we throw around big numbers. We will say the long-term energy plan requires $33 billion of investment in nuclear. People don't know how many zeros there are in billions, but almost every conversation we have talks about billions. The thing that we don't do very well is to explain the sheer volume of energy that comes from those billions of dollars. Dollars per megawatt are a different equation.

Here's an example, and there are many of them around. We entered into a deal for the Bruce A refurbishment. It covered all of our units. The strike price was $57.37. We would say it triggered the $4.5 billion investment. So $4.5 billion catches the eye. Some people think that means expensive power, but who in this room thinks $57.37 is expensive power? I can tell you that just outside our site we have actually Ontario's first wind farm built between ourselves and Ontario Power Generation. I have a contract for the power for $116 a megawatt for that wind farm. So, pick what you want. You can have $57.37 nuclear or $116 wind. That's the reality of my world. The numbers are not made up. You can look and see them publicly disclosed. One of them costs $11 million to build and the other one's going to cost $5 billion, but there's a tremendous difference between 3,200 megawatts of nuclear at 90-per-cent capacity factor and 10 megawatts wind at 25 per cent.

Question

Re global nuclear standards, I understand the western world has the best nuclear practices, but what the about third world—Iran, Pakistan, Russia and its satellites? What can be done to prevent a potential Chernobyl?

Answer

I don't know who wrote that question, but it's one of the ones I struggle right now with on the World Association of Nuclear Operators (WANO) governing board. We have a plant right now, which has actually gone through its first tests in Iran. The World Nuclear Association would normally go and do a pre-start-up review. We would send people and make sure they were ready to start bringing their reactor to power. My challenge was to go to the U.S. Department of Energy and say, "I'd like to release four of our nuclear people to go and help Iran start up their reactor." Not a good conversation.

But the reality is with every plant anywhere in the world, typically we would first go to the International Atomic Energy Agency. It agrees on siting. It agrees on safeguards. And Iran's no different. The plant, of course, has been built by Russians to a design which meets international licensing standards. They are, indeed, members of WANO. We are typically supporting them from the Moscow Centre because that's the most politically acceptable way to do that. So standards are actually being maintained internationally as these people enter. I've been very impressed by how new entrants have approached it. Everywhere they've always gone to the International Atomic Energy Agency to get regulatory framework and all those other things. They've all done that and they've typically all sought help from WANO. So I'm very pleased with that.

One of our real challenges right now is Pakistan. Pakistan's an example of a place where none of our evaluators actually feel safe to go and visit. So we're doing a lot of their reviews in a desktop manner. But largely WANO has got the ability to break down a lot of barriers and almost every new entrant has realized the value that we can bring early on. So I'm not concerned about that. The only issue is the one I mentioned earlier. The decision to make their own fuel, which puts them in a fuel-enrichment world, is a source of risk. Frankly, a lot of the heat in the Iranian discussion is about their activities in fuel enrichment and a lot less about the civil nuclear program.

Question

If nuclear power is to be integrated into our lives on a global scale, how do we manage the waste created?

Answer

The problem with the waste story is it's a complicated one. I always find it difficult to simplify the story for people, but the reality is, here again, CANDU's got a different story to tell. The reality is that I don't regard spent nuclear fuel as waste. There's a tremendous amount of energy still in spent nuclear fuel. Most parts of the world, with the exception of North America, reprocess spent fuel. North America stopped doing it in the '60s, largely in a Cold War world and because the Americans didn't want a creation of plutonium stockpiles, so they stopped reprocessing fuel and, as a consequence, so, too, did Canada. Other parts of the world reprocess spent fuel. That doesn't remove all of the long-term storage requirement, but it significantly reduces the volume and the longevity of the spent fuel. I think over the next few years the U.S. will revisit that decision. There has been a significant amount of lobbying to do that.

But the other thing I would tell you, which is one of the marketing things we haven't done well, is to recognize there is only one reactor type in the world that exists today that can take the spent fuel from the world's pressurized water reactors (PWRs) and use them and burn them in their own plants and that's CANDU.

That, for me, in a world where people don't have a long-term solution right now is our golden key. We have to actually explain and build our business case around that. If I were to have been involved in AECL, which I'm not saying I was, that would have been one of the issues I think that would have been a tremendous selling point for us.

Question

I was born in Port Hope. Am I really going to die young?

Answer

Well, I don't know. I can tell you that whether you die young or not will not be because of where you've chosen to live. Thank you all.

The appreciation of the meeting was expressed by Ron Moleschi, Chairman, OCI.

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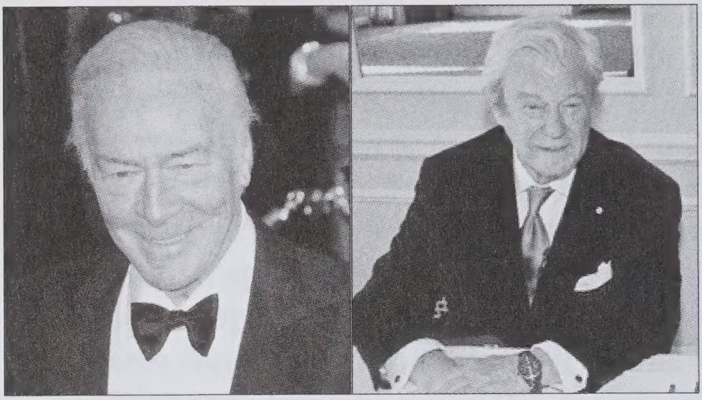

February 3, 2011

Christopher Plummer

Actor and Author

Gordon Pinsent

Actor, Author and Playwright

CHRISTOPHER PLUMMER IN CONVERSATION WITH GORDON PINSENT

Chairman: **Nona Macdonald Heaslip**
Past President, The Empire Club of Canada

Head Table Guests

Verity Craig, Managing Director, CV Management, and Director, The Empire Club of Canada; Tonia Cianciulli, Executive Director, Wish Opera; Marlene Smith, President, Theatre Museum Canada; George Cooke, President and CEO, The Dominion of Canada General Insurance Company, and Past President, The Empire Club of Canada; Louise Dennys, Executive Vice-President, Random House of Canada Ltd.; The Hon. Henry Jackman, Honorary Chairman, The Dominion of Canada General Insurance Company, Former Lieutenant-Governor of Ontario, and Past President, The Empire Club of Canada; Leah Pinsent, Actor, Daughter of Gordon Pinsent and the late Charmion King; Tim Reid, Director Business

Development, ZED Financial Partners, and President, The Empire Club of Canada; Capt. Dr. John Niles, Queen's Own Rifles of Canada, Senior Minister, St. Andrew's United Church, Markham, Ontario, and Past President, The Empire Club of Canada; Kara Dunal, Student, Ursula Franklin Academy; Peggy Shannon, Chairman, Theatre School, Ryerson University; Lyle Blair, Chairman, Shakespeare Globe Theatre Canada; Adam Kahan, Vice-President, Ryerson University; Dr. Lee Myers, Chair, Board of Governors, Stratford Shakespeare Festival; and Elaine Plummer, Actor, and Wife of Christopher Plummer.

Introduction by Nona Macdonald Heaslip

Distinguished guests, we are here to celebrate Canadian theatre with two of our eminent actors: Christopher Plummer and Gordon Pinsent. We are honouring also the establishment of Canada's first National Theatre Museum courtesy of the Mirvish organization, located in the heart of Toronto's Theatre District opening within two years.

We will coordinate with archives and regional theatres to create exhibits and events. Theatre is the mirror of society; it involves writers, artists, technicians and actors. Our guests today are part of theatre history. Both have performed in hundreds of stage, film, radio and television productions within these borders and throughout the world. Both are Companions of the Order of Canada and recipients of the Governor General's Lifetime Achievement Award. Both have honorary degrees from Canadian universities—a total of 13 between them. And there are awards galore—Genies, Geminis, Tonys and Oscar nominations.

Yet, in retrospect, the end of the Depression and the aftermath of World War Two was not the best of times for them to risk an actor's odyssey. It took passion and courage and talent. Let's go offstage for a moment.

I'll begin with the young one, Dr. Pinsent, only 80. (Dr. Plummer is 81.) Born in Newfoundland to modest circumstances, the youngest of eight, he joined the Royal Canadian Regiment at 18 for a three-year stint, and then went to Winnipeg. He was a commercial artist by day and an Arthur Murray dance instructor at night. In 1953, the Manitoba Theatre Centre opened and Gordon Pinsent was the first actor to put his foot on that stage.

In Toronto, television and theatre provided more acting opportunities. At the Crest Theatre, Gordon wooed and won his wife, late actor Charmion King, and thus was Leah born. Gordon was a compulsive writer. A stream of stories, many inspired by

Newfoundland, have become plays, film and television series, garnering awards for both writing and acting. Even on location in Vienna, he wrote a play.

Dr. Plummer has Canada in his DNA. His grandfather, Sir John Abbot, was the Prime Minster of Canada in 1891. Chris grew up in Montreal, where his forbears rule a hierarchy at McGill University. He studied music and considered a career as a concert pianist. This musical talent combined with acting makes him the ideal narrator for international orchestras. He'll perform with the New York and London symphonies and here in Toronto with our symphony on the opening night of the season in September.

Life upon the wicked stage was his destiny, spurred on by one rave review in the Montreal Gazette by the late, great critic Herbert Whittaker (a founder of Theatre Museum Canada). He was the 17-year-old Plummer as Mr. Darcy in Montreal High School's production of "Pride and Prejudice." Herbie recalled: "He stood out. He has the air of money, aristocracy, arrogance." That clinched it. Chris ran all the way to the stage door of the Montreal Repertory and to the glitzy Montreal nightlife. This was much more exciting than McGill's lecture halls and what an education!

But it's all in the book. His memoir, "In Spite of Myself," is a romp to read and offers perceptive insights too. After TV took hold in the '50s, Chris forecast: "Television would one day tell us how to eat, dress, live. Its power could dictate policy, swing elections and topple governments." We are delighted he joins us today during his most successful Barrymore run at the Elgin Theatre.

We all know Plummer and Pinsent can shine in any role they choose, but I'm amused that two such "men about town" have been cast frequently as Catholic High Church officials. Chris portrayed a cardinal and a bishop while Gordon is "on the road to Rome" having played two cardinals, a bishop, and three priests. He is currently appearing as the Archbishop of Canterbury in "The Pillars of the Earth" on CBC-TV.

Please, gentlemen, give us your blessing, lead on and confess all.

Gordon Pinsent

I might be wrong, but it's kind of rare, isn't it, for the wonderful Empire Club to allow actors in its midst and we were fed, yes. Feeding time is very special for actors.

Christopher Plummer

Yes, I'm going to have to wait until I get to the Granite Club to have my second meal.

Gordon Pinsent

Yes, well, how have you been?

Christopher Plummer

Not bad. Not bad.

Gordon Pinsent

You had another full house last night.

Christopher Plummer

Yes, it was pretty good.

Gordon Pinsent

Does that get boring, full houses all the time?

Christopher Plummer

Yes, a little bit. In the nicest possible way. They were very generous. They've been terrific audiences so far and I hear that the tickets are going marvellously for the rest of the run.

Gordon Pinsent

Wonderful.

Christopher Plummer

Then we're going to film "Barrymore."

Gordon Pinsent

That's right.

Christopher Plummer

Yes, it's going to be sort of like a serial documentary with a lot of the play itself filmed with a real audience there, and then we take the camera into a sort of a surreal memory. We can go outside the theatre and come back in. I think it could possibly work. I think it would be very good.

Gordon Pinsent

I think it would work. It would work. I wondered if I would put together a package where I played both Ethel and Lionel and you could join us and we'd call it "Much More Barrymore."

Christopher Plummer

Well, actually, I think some people, particularly the younger crowd, don't know who the hell Ethel, Lionel and John are.

Gordon Pinsent

Oh, I know.

Christopher Plummer

It's a little difficult because I do painstaking imitations of all three. There's a huge silence when I... I mean, good old Lionel always talked like that, you know what I mean. I'm exhausting myself up there and then nothing. So I think it's better to come on as Drew Barrymore.

Gordon Pinsent

Drew, yes, and Diana.

Christopher Plummer

And then do all four of them.

Gordon Pinsent

Do all four of them, "Much More Barrymore," yes. I think that's good. I once played to two old ladies and a pigeon. I didn't get those crowds when I was...

Christopher Plummer

Aww.

Gordon Pinsent

No, I know it's an aww, but these may not be real. This may be a rare screen and we'll just sort of...

Christopher Plummer

Yes, I know. They're pretty... oh God, they are awful quiet, aren't they?

Gordon Pinsent

They're very quiet.

Christopher Plummer

That obviously shows that they're not real. It's a backdrop and we're alone. It's all right.

Gordon Pinsent

Blue screen, yes. That's what it'll be. Oh my. I first met Christopher, when I think, Macbeth and Cyrano and I were coming out of the side of the theatre on about the first day we were all together. He was lying there learning the sonnet and he was mumbling lines to himself. There was "Macbeth" open on his chest. And I said, "How are you doing?" And he said nothing and I said, "Going over your lines, are you?" Nothing. And then I said, "Want me to hold the book?" And he said two words. The first word was drowned out by twittering birds and the second one was "off." I had a little song to sing in "Macbeth." Do you remember?

Christopher Plummer

Yes, yes, like a Bruegel painting.

Gordon Pinsent

Yes, like a Bruegel painting. We had to come on touching and I had a little song to sing to welcome the King. I sang it once or twice, but during the summer, Christopher said to me, "Are you going to sing that song, because that's my cue to come on?" I said, "No, I don't think I will." I said, "There's a particular actor behind me doing unseemly things to my person."

Christopher Plummer

I don't remember that at all.

Gordon Pinsent

No, because you had a lot of lines to deliver. I had the toughest job. I understudied all the musketeers in Cyrano.

Christopher Plummer

Nobody could afford to get sick.

Gordon Pinsent

That's right.

Christopher Plummer

Never mind. That was your debut in Stratford. The most exciting time I've ever had in this country, actually, was playing Henry V when I was 26. Michael Langham was the artistic director in his first year and sadly Michael left us last week at the age of 91. He, of all people who ran that festival, solidified and matured that company into a first-rate international company. It was Michael who really did all the marvellous groundwork that has given us Stratford for the rest of the years to come.

One of the clever and quite politically and emotionally motivated gestures he made was to ask the Théâtre du Nouveau Monde in Montreal to come and play the French court in Henry V, in French and English both. To me that was the one time that this country, on the stage, was represented in the proper way. The two languages that we have here in this country are unique in the world. He saw that and it was the most magical production for that reason.

Gordon Pinsent

1956.

Christopher Plummer

1956 and I just salute the late Michael. Of course, I was also in that first production in the Maritimes in 1606 when, you know, Lescarbot and all those guys did that trilingual production, which is the earliest stage production in this country's history. See, that's why we need a theatre museum; we deserve one. We go back far enough to have a museum, I think.

Gordon Pinsent

Your name was connected to the museum from the very first time. I remember hearing it a lot and Herbie Whitaker.

Christopher Plummer

Herbie Whitaker, who founded the idea of the museum, we also miss.

Gordon Pinsent

Yes, he was the first man I saw when I came from Winnipeg at the beginning. That's a note of mine, by the way.

Christopher Plummer

Yes, could you read it please?

Gordon Pinsent

No, I don't mean that is a note of mine. Those are notes of mine. If you want it, you can have it. There's nothing in here I can use. Radio and television were quite the thing. You acted in a radio show called "Laura Limited."

Christopher Plummer

Yes, that's a soap opera. It was very famous in this country.

Gordon Pinsent

Somebody said you did one show and bought a lovely cashmere coat. Is that true?

Christopher Plummer

Yes, maybe it is. I was making quite a lot of money. I was 18 years old and on the radio show. It was totally national in those days. National in those days, in the '40s, meant a little past Guy Street in Montreal. The producer, a great radio pioneer called Rupert Kaplan, was also instrumental in telling Tyrone Guthrie, when he came over here to start the Stratford Festival, not to use me as an actor because I was unreliable and a drunk and I didn't turn up and was totally unprofessional. He warned him against Chris Plummer and of course Tyrone Guthrie took him at his word.

The reason for this was that Rupert, who was in love with the leading lady, was absolutely positive that the leading lady and I were having an affair. I was having lots of affairs then, thank God, but not that one because if you'd known the leading lady, you would have agreed with me. However, that was how I didn't get into Stratford in 1953. That's a lousy, tasteless story, isn't it?

Gordon Pinsent

No, it's a good one.

Christopher Plummer

Just because I'm nervous and I can't think of anything else to say.

Gordon Pinsent

No, no, no. It's a good one. Yes. Television. I did the first live television out of Winnipeg.

Christopher Plummer

Oh my God.

Gordon Pinsent

Yes, momentous, momentous.

Christopher Plummer

It was nothing but disaster, live television.

Gordon Pinsent

It was a disaster.

Christopher Plummer

Television now is a disaster too.

Gordon Pinsent

Oh, I know.

Christopher Plummer

Tell a story about that.

Gordon Pinsent

Do you have a minute?

Christopher Plummer

Yes.

Gordon Pinsent

There was a leading lady. I had been beaten up in the beginning of the piece and I put a lot of extra makeup on and my mouth was full of bloody gauze, strips of bloody gauze. I was stretched out in the jail cell and a beautiful, loving leading lady came up to the other bars on the other side and said, “Raoul, Raoul, have you seen my father?” I looked over and I crawled across the straw to her. She was a gorgeous girl. And I dried. I froze. I had a whole page to deliver. I looked at her and got farther away from the mic. I didn’t know for what reason. I didn’t know what to do, so I kissed her until I could remember the line. I pulled her head like this and I kissed her. I saw one frightened deer’s eye looking at me. I remembered the line, took her head away again and she still had beautiful eyes, but her cheekbones were a little wider than the bars and there were two stripes freshly painted by the CBC and a bridge, a little bridge had been created from my mouth to hers, beautifully lit by the corporation and I had a great time. I was the only one who went to the cast party. I was as proud as anything. I thought my mother’s going to see this.

Christopher Plummer

I went down to New York and did some live television down there. And there were disasters one after the other. I remember they used to have a big studio in Brooklyn.

Gordon Pinsent

Oh yes.

Christopher Plummer

They did westerns with New York actors. Can you imagine a western when they’re talking like that? You know what I mean? None of these guys had ever been on a horse in their lives. There was one particular show starring Lee Marvin, a western. He rode his horse on air. Of course it was live. He rode his horse, that didn’t stop and went straight through a papier-mâché mountain and crapped. That was live television back then. It was absolutely priceless.

I had a terrible moment with Viveca Lindfors, a very beautiful actress. She was playing Maria Vetsera who was the mistress of the Crown Prince, Rudolph of Austria, in the famous love suicide pact that they made together. I've got all my medals on and the scene is she's pacing up and down in the little house on the estate waiting for me and I come in with all my medals and we have our last love scene together and then we shoot each other. But I couldn't find the entrance. It's live and it's only a half-hour show. There's not a lot of time to be guided around the set.

I tried to look for a stage manager. We used to call them floor walkers in those days and nothing, just blackness. Then way at the end, I saw a little bit of a chink of light, so I headed towards it. Meanwhile, poor Viveca is without any dialogue at all, is pacing up and down in silence. I mean across the nation, nothing is happening at all, and she's walking up and down. There was a piano on the set so she actually sat down and played a little tune. Just at that moment, I saw this light. I had to bend down a bit. With all my medals on it was rather difficult. I went through and stood up and there we were looking at each other. I'd come through the fireplace. The producer, Martin Manulis, who was so insensitive, came to me afterwards and said, "What the hell were you doing coming through this?" I said, "You're so God-damned lucky I came through anything." The stories are endless so let's tell them all.

Gordon Pinsent

They did a black and white series here, "The Last of the Mohicans," and I used to say yes to everything in those days. Oh yes, I can do that, yes. My first director in Winnipeg said, "You've acted before. You have a fairly nice appearance. Have you acted?" "Oh yes," I said. But I've never known how to do small parts. I don't know how people do them. I've only done leads. I've never been on stage in my life. But for "The Last of the Mohicans" they said, "Do you ride a horse?" I said, "Western or English?" I'd never been on one, so I had a friend tie my legs together under the horse. We had a bit of a river crossing and the other two guys fell off. I didn't, but the water had done something strange to the rope and I passed the camera on the other side and someone said, "Look at that bastard go." I missed lunch.

Christopher Plummer

My turn. We were making the "Battle of Waterloo" in Russia during the Brezhnev period. That was not a happy time in Russia. The set for that was fantastically made by the Russian film people. They really worked awfully hard and marvellously. I played the Duke of Wellington.

Gordon Pinsent

A friend of mine, Rod Steiger, played the...

Christopher Plummer

He was a friend of yours?

Gordon Pinsent

Well...

Christopher Plummer

Rod?

Gordon Pinsent

Until now, I guess.

Christopher Plummer

He played Napoleon, yes.

Gordon Pinsent

Yes, he played Napoleon.

Christopher Plummer

His entire motivation as Napoleon, actually...

Gordon Pinsent

Was what?

Christopher Plummer

He played one thing all through the film, that Napoleon had piles. He based his whole action on that, you know, his irritation. Why was he so angry? Why did he dictate so many letters all at once to his secretaries? Piles.

Anyway, this was a very dangerous film to be on because of all of the explosives. It was extraordinary. The explosives lasted for two miles. Before you did your take, you just had to wait for all these explosives and, of course, all the horses reared. I mean, fabulous and expert stuntmen were being thrown left, right and centre by their rearing horses. I said, "Oh my God, somebody's got to get me a quiet horse." So they got me a police horse from Moscow whose name was Stock. I thought what a wonderful sort of trusting name that is—Stock. He was deaf. That was what was so wonderful because he didn't hear any of the explosions.

So all these stuntmen were making fools of themselves being thrown right, left and centre and the Duke of Wellington just sat poised, divinely on his deaf horse. One day, this is the end of this story, believe me. One day we had to shoot a scene in which we charged towards the enemy. And the technical crew, the Russian technical crew, had been working for six years under the same director, Bondarchuk, who had made "War and Peace," that marvellous Russian movie. It took six years to make that movie. It was so difficult because most of the older actors had died during the filming. They had to then recast and shoot them all again.

So, of course, the technical crew was paranoid. They were highly strung, nervous and totally incompetent. They made little explosions all the way down this long line with little red flags and I asked through an interpreter, "Excuse me, when does that go off?" He said, 'When the horse passes, da, da, da." So when the horse passes that little thing, the bomb will go off, right, all the way down the line. So of course, it didn't. I can't remember the ending. We charged, there was action, and Stock never moved. My dear horse, that was so blasé about the explosions, suddenly got them under its belly. They pushed at the wrong time. So boom, boom, boom and Stock finally said, "I'm no longer deaf; I'm taking off," and boy, he took off so they all followed Stock. We ended up near Czechoslovakia. When the smoke cleared, which was endless, we rode back endlessly to the crew and the director. All the chairs were empty. They'd gone to lunch. That was an awful story.

Gordon Pinsent

That's beautiful. That is beautiful. How do you stay healthy?

Christopher Plummer

I drink a lot. No.

Gordon Pinsent

Thinking. It's all that thinking we did, yes.

Christopher Plummer

No, I still play tennis a little bit and work out a little bit.

Gordon Pinsent

It's amazing.

Christopher Plummer

Do you really want to know? It's very boring.

Gordon Pinsent

No, that's about it for that question.

Christopher Plummer

How do you stay in whatever shape you're in?

Gordon Pinsent

Well, it's Canada you know. It's Canada. I'm here and waiting for jobs. I have a film coming up.

Christopher Plummer

Yes.

Gordon Pinsent

It may be happening fairly shortly, but there are gaps in this country between jobs, you know. My next one after that will be Santa Claus for the Hudson's Bay, I think. I draw the line at the Easter Bunny, but I'll do anything.

Christopher Plummer

Is this one you've written?

Gordon Pinsent

No, it's not, and oddly enough, it's good.

Christopher Plummer

That's great. You know he is such a marvellous writer. He wrote a wonderful play called "Easy Down Easy."

Gordon Pinsent

That's it, yes.

Christopher Plummer

He offered it to me years ago and then obviously changed his mind. I've always wanted to do it and lately I said, "You think I could do it now that I'm 81?" It's about a young married couple. To hell with him, but it's so clever and he's a great writer. He's a wonderful writer.

Gordon Pinsent

The theatre in this country is kind of important, so important that we have to mention it to some degree. I mean, you've always been a champion of it and I believe in it as well. I think the museum's going to help enormously as far as the inner parts of the business are concerned and how we feel about it all.

Christopher Plummer

It's awfully hard to start here. I mean, there were some marvellous people in Montreal. I remember Martha Allan and the people who ran the Montreal Repertory Theatre, but it was mostly amateur. The French were the first to really be professional and do wonderful things. It was hard for a young Canadian to start.

Gordon Pinsent

What about being received and so on. I mean, from your standpoint, you just simply drove on, didn't you. You kept on pushing and if we do, then it's going to be all right.

Christopher Plummer

But we had to go away to other countries in order to get some sort of name and then come back which I've been doing all my life—and you too.

Gordon Pinsent

Were you ever badly received?

Christopher Plummer

No, of course not.

Gordon Pinsent

I did a play in Winnipeg. I wrote it as well as being in it and I got badly received. The rejection was just unbearable and I wondered why I was so hurt by it. It doesn't matter what age you are, I suppose, but a lovely, elderly woman who was now bedridden at this point, who used to come to all the theatre, left a little note or had a note put on my makeup mirror. The note said, in response to the review, "Never mind, Gordon, high station in life is earned by the gallantry with which appalling experiences are survived with grace." So I put that on the fridge next to another little one that had something to do with a Toronto reviewer and it said, "Never wrestle with pigs; you both get dirty and the pigs love it."

Question

Mr. Plummer, what is your most embarrassing public moment?

Christopher Plummer

Today.

Question

This one I received on my Blackberry. We want to know, would you entertain us by singing Edelweiss?

Christopher Plummer

Oh my God. Moving on.

Question

Who is your favourite leading lady?

Christopher Plummer

That's difficult because there have been a lot of favourite leading ladies from Dame Edith Evans, who was probably the greatest high comedienne in the 20th century. I played with her in England twice. That was a great honour. She was 75 years old and the youngest spirited actress I have ever known in my life. Then, of course, there are the beautiful ones, which we won't talk about. Then there's my latest lady, Helen Mirren, whom I absolutely adore. We did the Tolstoy thing today. She is a fabulous actress and enormous fun to be with. I think those are two that come to mind.

Gordon Pinsent

And we lost Susannah York.

Christopher Plummer

Susannah York, yes. I did two pictures, three pictures with Susannah. She's adorable. She died last week at age 75. As a matter of fact, there are so many people who have been dying lately. It's awful. This has been a very busy January.

Gordon Pinsent

Your Rufio, Peter Donaldson.

Christopher Plummer

Peter Donaldson, another marvellous actor. I missed his memorial because we opened "Barrymore."

Gordon Pinsent

I know. I went to that so I couldn't come to the opening of yours.

Question

Is there a role you haven't played, but would love to? This is posed to both of you.

Gordon Pinsent

Not yet. I mean there may be something I don't know anything about, but that intrigues me almost more than anything on a list. As the old saying goes, whatever the next one's going to be.

Christopher Plummer

Yes, yes. I've always wanted to play Othello, which, of course, I would be lynched for if I did it. It's a pity because I think every kind of colour and race should take a crack at that great part. I missed doing that one. What I would love to do one day is Peer Gynt, as an old man, not as a young man, and play it old so the play goes backwards in time.

Gordon Pinsent

Oh, that's beautiful, yes.

Christopher Plummer

I think that's possible. It sort of reminds me of one of Ingmar Bergman's lovely films called "Wild Strawberries."

Question

This is to both of you again and this is the final question. If you had to choose one role which has affected you profoundly, what would it be?

Gordon Pinsent

I think it was a film that I did called the "The Rowdyman." I had a chance to do it in Hollywood. Somebody wanted to buy it and I thought that I might as well do it myself if it's going to steer my career in a better direction or something. We filmed it back home in Newfoundland. I think my idea behind it at the time when I wrote it was to wonder how I would have been had I never left. Basically that idea intrigued me.

Christopher Plummer

It's a wonderful, wonderful piece.

Gordon Pinsent

It's not a bad piece, you know, and it cost Spielberg coffee money to make it. We did it in 22 days before DVDs and stuff so it's not even out in that sense. We really, really tried so hard to get everything kind of right in a very simple way. I think it was Sarah Polley who said something about filming in this country. Because things are so hard to get done you're pretty sure you're going to make a good piece of work out of it, because you may not get another chance for a while and so on. So there is solid stuff coming out of this country now, you know?

Christopher Plummer

Yes, I know.

Gordon Pinsent

When people ask how things compare to the old days, I think we'd be able to say that it's improved a lot.

Christopher Plummer

Oh, good God yes.

The appreciation of the meeting was expressed by The Hon. Henry Jackman, Honorary Chairman, The Dominion of Canada General Insurance Company, Former Lieutenant-Governor of Ontario, and Past President, The Empire Club of Canada.

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THE EMPIRE CLUB OF CANADA

February 9, 2011

The Hon. Justice Rosalie Abella

Supreme Court Justice

THE WORLD IS NOT UNFOLDING AS IT SHOULD: INTERNATIONAL JUSTICE IN CRISIS

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Stanley Hartt, Chairman, Macquarie Capital Markets Canada Ltd., and Director, The Empire Club of Canada; Roy McMurtry, Chancellor, York University; Janet E. Minor, Elected Bencher, Law Society of Upper Canada, and Chair, Equity and Aboriginal Issues Committee; The Hon. Claire L'Heureux Dubé, Former Supreme Court Justice; Beverly Brooks, Managing Director, Kingsdale Communications Inc., and Director, The Empire Club of Canada; Anastasia Mandziuk, Student, York University; Rev. Ajit John, Incumbent, St. Mathew's Anglican Church, and Counsel Assistant Manager, Law Society of Upper Canada; Justice Gloria Epstein, Justice of the Court Appeal for Ontario; Charles Gluckstein, Secretary, Ontario Trial Lawyers Association; and The Hon. Frank Iacobucci, Counsel, Torys LLP, Former Supreme Court Judge, and Former Deputy Minister of Justice.

Introduction by Tim Reid

Rosalie Abella was appointed to the Supreme Court of Canada in 2004 after serving on the Ontario Court of Appeal for 12 years. She practised civil and criminal litigation until she was appointed to the Ontario Family Court in 1976. She subsequently chaired the Ontario Law Reform Commission and the Ontario Labour Relations Board. Justice Abella was the sole commissioner and author of the 1984 Royal Commission on Equality in Employment, creating the term and concept of "employment equity." She was the Boulton Visiting Professor at McGill Law School from 1988–1992, teaching jurisprudence, administrative law, and constitutional law. She is a specially elected Fellow of the Royal Society of Canada and of the American Academy of Arts and Sciences, as well as a graduate of the Royal Conservatory of Music in classical piano. She was a judge of the Giller Literary Prize, and has written over 90 articles and written or co-edited four books on a wide variety of legal topics. She has 29 honorary degrees. Justice Abella is married to Canadian history professor Irving Abella and they have two sons, both lawyers.

Rosalie Abella

I picked this topic weeks ago, before Tunisia and Egypt magnetized our attention. Since then, I've spent countless hours devouring TV and newspaper coverage, and I find that I'm transfixed, I'm inspired, and I'm slightly terrified.

I am a lawyer. That means I believe in law and justice. And, like most Canadians, I also care deeply about human rights. The events of the past few weeks have been like a Polaroid picture of international law, justice and human rights; with time, the picture comes into clearer focus. And with clarity, my deepest fears are increasingly confirmed. What do I mean? I mean that increasingly I have come to see international human rights law as having a dysfunctional relationship with justice. The rhetoric is beautiful, but it's all dressed up with no place to go.

It was not always so. After 1945, the global community demonstrated an enormous capacity for constructing legal systems and institutions to enhance and advance international human rights law. Through the UN Charter, the "peoples of the United Nations" determined to "reaffirm" faith in "fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small." It was created for the purpose of achieving international cooperation in promoting and encouraging respect for human rights and for fundamental freedoms for all. But the human rights revolution that started after and because of WWII seems to have too few disciples in the countries that need it most.

Compare this state of affairs with the revolution in international trade law. Like international law generally, international economic law has witnessed an institutional proliferation of organs, like the OECD, the ILO, the United Nations Commission on International Trade Law (UNCITRAL), and, of course, the IMF, the World Bank and GATT.

Then in 1994, the Marrakesh Agreement established the WTO, which came into being on January 1, 1995, dramatically extending the reach of trade regulation and creating a comprehensive international legal and institutional framework for international trade.

After only 15 years in operation, the WTO is, in essence, international law's child prodigy. Like the UN, the WTO struggles with reconciling the interests of the most powerful states and the least, as is obvious from the tumultuous (and ongoing) multi-year saga of the Doha Development Round of negotiations. Yet despite occasional criticism, the WTO, and its dispute settlement mechanism in particular, are regarded as legitimate, effective and influential in international relations.

So you can see that international trade law has, like international human rights law, constructed a complex network of institutions and norms to regulate state conduct. But unlike international human rights law, states comply with international trade law and, in the event of non-compliance, an effective dispute settlement mechanism is available to resolve disputes. In other words, what states have been unable to achieve in 65 years of international human rights law, is up and running after only 15 years of international trade regulation.

I find this dissonance stark and unsettling.

If we examine international trade and international human rights law in parallel, we can make a number of discouraging observations. First, unlike the UN, the WTO is extremely difficult to join. That means that the global community feels that obtaining membership in a trade organization should be more onerous than obtaining membership in an organization responsible for saving humanity from inhumanity. Second, the global community agrees that the products of one state should be treated the same as products from every other state, but cannot agree that individuals have rights as individuals, not as citizens of particular states. And third, the global community agrees on the principles underlying international trade law: non-discrimination and most favoured nation. In contrast, the global community cannot agree on the principles underlying international law generally, so sovereignty and human rights continue to conflict.

There was so much cheering when we thought the global community had finally resolved the rancorous, longstanding debate about humanitarian intervention through the General Assembly's unanimous endorsement of the Canadian-sponsored doctrine of the Responsibility to Protect (R2P) in 2005. It seemed at last, that we had seen a triumph of human rights over sovereignty.

But just a year and a half ago, at the end of July 2009, the United Nations General Assembly debated Responsibility to Protect for the first time since unanimously endorsing the doctrine in 2005, and the whole thing seemed to unravel before our eyes.

What's wrong with this picture, and what does it tell us about our global priorities?

Our generation has had the most sophisticated development of international laws, treaties, and conventions the international community has ever known, all stating that human rights abuses will not be tolerated. We've had the European Convention for Human Rights (1953), the International Covenant on Civil and Political Rights (1966), the International Covenant on Economic, Social and Cultural Rights (1966), the Convention Against Torture, the International Convention on the Elimination of All Forms of Racial Discrimination (1966), the Convention on the Elimination of All Forms of Discrimination Against Women (1979), the Convention on the Rights of the Child (1955), and the Convention on the Rights of Persons with Disabilities (2006), among many others.

But we've also had the genocide in Rwanda; the massacres in Bosnia and the Congo; the violent expropriations, judicial constructive dismissals and brazen immorality in Zimbabwe; the assassination of law enforcers in Colombia and Indonesia; the repression in Chechnya; the slavery and child soldiers in Sudan; the cultural annihilation of women, Hindus and ancient Buddhist temples by the Taliban; the attempted genocide of the Kurds in Iraq; the rampant racism tolerated at the U.N. World Congress Against Racism and Intolerance in Durban; China; Myanmar; Pakistan; the world's shocking lassitude in confronting AIDS in Africa; the disgraceful chapter in global insensitivity as the world formulated a strategy of astonishingly glacial and anemic proportions in Darfur; the nuclear roguery of North Korea; and the sheer roguery—and stoning—in Iran.

What's going on, and what do we need to think about to fix it? And fix it we must, because unless we pay attention to intolerance, the world's fastest growth industry, we risk losing the civilizing sinews that flexed the world's muscles after World War II. We changed the world's institutions and laws then because they had lost their legitimacy and integrity. We may be there again, not so much because our human rights laws need changing, but because a good argument can be made that our existing global institutions, and especially the UN's deliberative role, are playing fast and loose with their legitimacy and our integrity.

I make these observations not because I have any particular solutions to propose, because I don't, but because I want to hear a serious conversation among people more expert than me, people who care deeply about the moral choices we make as a global community, about how to fix a status quo in which some of the worst criticisms are directed at western democracies—what I would call low-hanging fruit—while the worst abusers barely glance over their shoulders, too busy doing now whatever they want to their own citizens, to care about history's judgment later. So we have many laws to protect humanity from injustice, but not enough enforcement to turn those laws into justice.

Let's start with the term "Rule of Law," the Holy Grail of "rights discourse" today. I confess that I've always been somewhat confused by why we use this phrase as an organizing principle. I think most people don't really know what it means. Universal principles to which we are expected to be loyal, shouldn't be shackled with semantic ambiguity. Moreover, this generation has seen the Rule of Law impose apartheid, segregation and genocidal discrimination. And in the last few weeks we heard the term endorsed, and without irony, by the Presidents of Russia and Egypt. It frankly makes me wonder why we cling so tenaciously to the moniker.

So what are we really talking about? We're talking, I think, about some universal goals—accountable government, protection against rule by whim, and about our belief in law as an instrument of procedural and substantive justice. If I'm right that that's what we're really talking about when we talk about a just Rule of Law, doesn't that mean that what we're talking about is what we've come to see as the indispensable instruments of democracy: due process; an independent bar and judiciary; protection for women and minorities; a free press; and rights of association, religion, dissent and expression? Those are core democratic values, and when we trumpet those values, we trumpet the instruments of justice. And justice is what laws are supposed to promote.

Who can seriously argue that a society that has those values and protects its citizens accordingly isn't a healthier society than a repressive one whose greatest tolerance is for intolerance?

And I think we need to emphasize that when we talk about democracy, we're not just talking about elections. To say democracy is only about elections is like saying you don't need the whole building if you have the door. Elections tell democracy it's welcome to come in, but elections are only the entrance. Without a home, democracy can't settle down. It needs an edifice of rules and rights and respect to grow up healthy and secure.

So why aren't we out there promoting those democratic values and instruments, instead of promoting a euphemism no one really understands like the "Rule of Law." Shouldn't we say what we mean? And I think what we mean is the Rule of Justice, not just the Rule of Law.

Democratic values, while no guarantee, are still the best aspirational goals in my view, because without democracy there are no rights, without rights there is no tolerance, without tolerance there is no justice, and without justice, there is no hope.

What kind of rights are we talking about? Two kinds—human rights and civil liberties, both crucial mainstays of our democratic catechism. The human rights story in North America, like many of our legal stories, started in England, with the madness of King George and the philosophies of Hobbes, Locke, and eventually John Stuart Mill, philosophies protecting individuals from having their freedoms interfered with by governments. These were the theories, which journeyed across the Atlantic Ocean and found themselves firmly planted in American soil and in the Declaration of Independence. Thus was born the essence of social justice for Americans—the belief that every American had the same right as every other American to be free from government interference. To be equal was to have this same right. No differences.

Unlike the United States, we in Canada were never concerned only with the rights of individuals. Our historical roots involved as well a constitutional appreciation that the two linguistic groups at the constitutional bargaining table, the French and the English, could remain distinct and unassimilated, and yet theoretically of equal worth and entitlement. That is, unlike the United States, whose individualism promoted assimilation, we in Canada always conceded that the right to integrate, based on differences, has as much legal and political integrity as the right to assimilate. Assimilation if necessary, but not necessarily assimilation. In any event, the individualism at the core of the civil libertarian political philosophy of rights articulated in the American constitution became America's most significant international export and the exclusive rights barometer for countries in the Western world.

Until 1945. That was when we came to the realization that having chained ourselves to the pedestal of the individual, we had been ignoring rights abuses of a fundamentally different kind, namely, the rights of individuals in different groups to retain their different identities without fear of the loss of life, liberty or the pursuit of happiness.

It was the horrifying spectacle of group destruction in the Second World War which jolted us, a spectacle so far removed from what we thought were the limits of rights violations in civilized societies, that we found our entire vocabulary and remedial arsenal inadequate. We were left with no moral alternative but to acknowledge that individuals could be denied rights not in spite of, but because of their differences, and started to formulate ways to protect the rights of the group in addition to those of the individual.

We had, in short, come to see the brutal role of discrimination, and invented the term "human rights" to confront it.

Civil liberties had given us the universal right to be equally free from an intrusive state, regardless of group identity; human rights had given us the universal right to be equally free from discrimination based on group identity. We needed both.

Then, in North America, we seemed to stall as the last century was winding down. What we appeared to do, having watched the dazzling success of so many individuals in so many of the groups we had previously excluded, is conclude that the battle with discrimination had been won and that we could, as victors, remove our human rights weapons from the social battlefield. Having seen women elected, appointed, promoted and educated in droves; having seen the winds of progress blow away segregation and apartheid; having permitted parades to demonstrate gay and lesbian pride; and having constructed hundreds of ramps for persons with disabilities, many were no longer persuaded that the diversity theory of rights was any longer relevant, and sought to return to the simpler rights theory in which everyone was treated the same, and we started to dismissively call a differences-based approach reverse discrimination, or political correctness, or an insult to the goodwill of the majority and to the talents of minorities, or a violation of the merit principle.

We heard many of those who had enough, say "enough is enough," trying to set the agenda while they accused everyone else of having an "agenda," and leaving millions wondering where the human rights they were promised were, and why the evolutionary knowledge we came to call human rights appeared to be suffering such swift Orwellian obliteration.

I would argue that we were in a kind of rights distress by the last decade of the last century, the Nineties, the decade of deficit reduction, Beavis and Butthead, globalization, and Microsoft; the decade when Americans didn't ask and didn't tell; and the decade they stood by their man the President but spent over $60,000,000 trying to find out if he'd had an extra-marital affair (something a good matrimonial lawyer could have done for half the money). Everyone appeared to be taking at face value Yogi Berra's suggestion that when you come to a fork in the road, take it.

The crash of four planes changed everything.

We realized to our horror that while we were riveted on hanging chads and butterfly ballots, terrorists were next door learning how to fly commercial airplanes into buildings. In less than two hours on the morning of September 11, 2001, we went from being a Western world luxuriating in conceptual moral conflicts, to being a Western world terrorized into grappling with fatal ones.

I think that what irrevocably shocked us about the horror of September 11 was how massively it violated our assumptions that our expectations about justice were universally shared, at least to the extent that they would be respected in North America. Whether these expectations were reasonable isn't the issue. They were genuine. We felt safe. We no longer do.

And we're right not to.

The human rights abuses occurring in some parts of the world are putting the rest of the world in danger because intolerance, in its hegemonic insularity, seeks to impose its intolerant truth on others. Yet for some reason we're incredibly reluctant to call to account the intolerant countries who abuse their citizens, and instead hide behind silencing concepts like cultural relativism, domestic sovereignty, or root causes.

These are concepts that excuse intolerance. Silence in the face of intolerance means that intolerance wins.

What has happened to the miraculous regeneration and luminous moral vision that brought us the Universal Declaration of Human Rights, the Genocide Convention and the Nuremberg Trials, those phoenixes that rose from the ashes of Auschwitz and roared their outrage?

The world was supposed to have learned three indelible lessons from the concentration camps of Europe:

1. Indifference is injustice's incubator;
2. It's not just what you stand for, it's what you stand up for; and
3. We must never forget how the world looks to those who are vulnerable.

All this because, as Robert Jackson said in his opening address at the Nuremberg trials, "The wrongs which we seek to condemn and punish have been so calculated, so malignant and so devastating, that civilization cannot tolerate their being ignored because it cannot survive their being repeated."

To me, this is not just theory.

I am the child of survivors. My parents spent four years in concentration camps. Their two-and-a-half-year-old son, my brother, and my father's parents and three younger brothers, were all killed at Treblinka.

My father was the only person in his family to survive the war. He was 35 when the war ended; my mother was 28. As I reached each of those ages, I tried to imagine how they felt when they faced an unknown future as survivors of an unimaginable past. And as each of our two sons reached the age my brother had been when he was killed, I tried to imagine my parents' pain in losing a two-and-a-half-year-old child. I couldn't.

After the war my parents went to Germany where my father, a lawyer, taught himself English. The Americans hired him as a defence counsel for Displaced Persons in the Allied Zone in Southwest Germany. In an act that seems to me to be almost incomprehensible in its breath-taking optimism, my parents transcended the inhumanity they had experienced and decided to have more children. I was born in Stuttgart in 1946 a few months after the Nuremberg Trials started, and came to Canada with my family in 1950, a few months after the trials ended.

I never asked my parents if they took any comfort from the Nuremberg trials which were going on for four of the five years we were in Germany until we got permission to come to Canada in 1950. I have no idea if they got any consolation from the conviction of dozens of the worst offenders. But of this I'm sure—they would have preferred by far, that the sense of outrage that inspired the Allies to establish the Military Tribunal of Nuremberg had been aroused many years earlier, before the events that led to the Nuremberg Tribunal ever took place. They would have preferred, I'm sure, that world reaction to the 1933 Reichstag Fire Decree suspending whole portions of the Weimar Constitution, to the expulsion of Jewish lawyers and judges from their professions that same year, to the 1935 Nuremberg laws prohibiting social contact with Jews, or to the brutal rampage of Kristallnacht in 1938 would have been, at the very least, public censure.

But there was no such world reaction. By the time World War II started on September 3, 1939, the day my parents got married, it was too late.

And so, the vitriolic language and venal rights abuses, unrestrained by anyone, turned into the ultimate rights abuse: genocide. And millions died.

Lawyers like me, I think, have a tendency to take some comfort, properly so, in the possibility of subsequent judicial reckoning such as occurred at Nuremberg. But is subsequent justice really an adequate substitute for justice?

I don't for one moment want to suggest that the Nuremberg trials weren't important. Of course they were. They were a crucial and heroic attempt to hold the unimaginably guilty to judicial account and they showed the world the banality of evil and the evil of indifference.

But 65 years later, we still haven't learned the most important justice lesson of all—to try to prevent the abuses in the first place. All over the world, in the name of religion, national interest, economic exigency, or sheer arrogance, men, women and children are being murdered, abused, imprisoned, tortured, and exploited. With impunity.

So, Lesson #1 not yet learned, indifference is injustice's incubator.

The gap between the values the international community articulates and the values it enforces is so wide, that almost any country that wants to, can push its abuses through it. No national abuser seems to worry whether there will be a "Nuremberg" trial later, because usually there isn't, and in any event, by the time there is, all the damage that was sought to be done has already been done.

What has kept the global community from liberating the Universal Declaration of Human Rights and the Genocide Convention from the inhibiting politics and parochialism to which they are tethered, so that they can be free to help create, once again, a civilized world confident and willing to provide a future of tolerance and justice?

Does this raise questions about the effectiveness of the UN as a deliberative body? Frankly, it should.

We have to first acknowledge that many of the United Nations' agencies have achieved great success in a number of areas: peacekeeping, shelter and relief to refugees, UNICEF's extraordinary efforts on behalf of children, and the WHO's fights against polio, malaria and small pox, among others. The agencies have raised awareness about violence against women, the environment, and the plight of children, and the fact that much of international law works at all is often due to UN-based agencies.

But the UN was the institution the world set up to implement “Never Again.” Its historical tutor was the Holocaust, yet it seems hardly to be an eager pupil. What was never supposed to happen again, has. Again and again.

Over 90 years ago, we created the League of Nations to prevent another world war. It failed and we replaced it with the United Nations. The UN had four objectives: to protect future generations from war, to protect human rights, to foster universal justice, and to promote social progress. Its assigned responsibility was to establish norms of international behaviour. Since then, 40 million people have died as a result of conflicts in the world. Shouldn’t that make us wonder whether we’ve come to the point where we need to discuss whether the UN is where the League of Nations was when the UN took over? I waited in vain to hear what the UN had to say about the protests in Iran, Tunisia and Egypt. Isn’t that magisterial silence a thunderous answer to those who say things would be a lot worse without the UN. Worse how? I know it’s all we have, but does that mean it’s the best we can do?

In a world so often seeming to be on the verge of spinning out of control, can we afford to be complacent about the absence of multi-lateral leadership making sure the compass stays pointed in the most rights-oriented direction?

Nations debate; people die. Nations dissemble; people die. Nations defy; people die.

Lesson #2, not yet learned: It’s not just what you stand for, it’s what you stand up for.

A concluding story.

I’ve already told you that after the war my parents went to Germany and that my father was hired as a lawyer by the Americans. A few years ago my mother gave me some of his papers from Europe when I was preparing a speech for the opening of Pier 21, where we had landed in 1950.

The letters were from American lawyers, prosecutors and judges he worked with in the U.S. Zone in Stuttgart. They were warm, compassionate, and encouraging letters either recommending, appointing, or qualifying my father for various legal roles in the system the Americans had set up in Germany after the war. These people not only restored him, they gave him back his belief that justice was possible.

One of the most powerful documents I found was written by my father when he was head of the Displaced Persons Camp in Stuttgart where we lived. It was his introduction of Eleanor Roosevelt when she came to visit our D.P. Camp in 1948. He said:

"We welcome you, Mrs. Roosevelt, as the representative of a great nation, whose victorious army liberated the remnants of European Jewry from death and so highly contributed to their moral and physical rehabilitation. We shall never forget that aid rendered by both the American people and army. We are not in a position of showing you many assets. The best we are able to produce are these few children. They alone are our fortune and our sole hope for the future."

As one of those children, I am here to tell you that the gift of justice is the gift that just keeps on giving.

Lesson #3. We must never forget how the world looks to those who are vulnerable.

My life started in a country where there had been no democracy, no rights, no justice. It created an unquenchable thirst in me for all three. My father died a month before I finished law school, but not before he had taught me that democracies and their laws represent the best possibility of justice. And that those of us lucky enough to be alive and free have a particular duty to our children to do everything possible to make the world safer for them than it was for their grandparents, so that all children, regardless of race, religion or gender, can wear their identities with pride, in dignity and in peace.

The appreciation of the meeting was expressed by Stanley Hartt, Chairman, Macquarie Capital Markets Canada Ltd., and Director, The Empire Club of Canada.

February 28, 2011

Dr. Jeff Turnbull

President, Canadian Medical Association

YOUR HEALTH-CARE SYSTEM, YOUR VOICE

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Verity Craig, Managing Director, CV Management, and Director, The Empire Club of Canada; Adam Peeler, Senior Account Executive, Healthcare and Cleantech Group, TMX Equicom; Jamie Watt, Chair, Navigator Limited; Owen Adams, Vice-President, Health Policy and Research, Canadian Medical Association; Martha Heighington, Director, Marketing and Communications, Mount Sinai Hospital; Geoff Wilson, President and CEO, Toronto Port Authority, and Director, The Empire Club of Canada; Jesse Kancir, Student, University of Toronto, and Vice-President, Finance, Canadian Federation of Medical Students; Captain E. Clitheroe; Dr. Mark MacLeod, President, Ontario Medical Association; Dr. Sal Spadafora, Vice-Dean, Postgraduate Medical Education, University of Toronto; Jonathan Guss, CEO, Ontario Medical Association; and Brian Peters, President and CEO, MD Physician Services.

Introduction by Tim Reid

Born in 1950 and raised in Toronto, Jeff Turnbull received a bachelor's degree from the University of Toronto in 1974 and his medical degree from Queen's University in 1978. He completed an internal medicine residency at the University of Western Ontario in 1982, and a master's degree in education at the same university in 1990.

After completing his internal medicine residency, Dr. Turnbull joined the faculty at the University of Western Ontario where he combined clinical practice, education and research. He took on increasingly senior leadership roles during his nine years in London, eventually chairing the Division of General Internal Medicine and serving as deputy chief of the Department of Medicine.

Dr. Turnbull was recruited to the University of Ottawa in 1991, where he initially focused on medical education, serving for several years as vice-dean for Medical Education. He was also a key figure in the Educating Future Physicians for Ontario project, and served as president of the Medical Council of Canada. Known for his mentorship and wisdom, Jeff Turnbull was appointed chair of the Department of Medicine in 2001, a position he held until 2008 when he became chief of staff at the Ottawa Hospital.

In the 1990s, Dr. Turnbull became increasingly interested in providing better clinical care to Ottawa's homeless population. Along with others, he wondered whether a medical program that combined supervised alcohol consumption with compassionate clinical care would improve health outcomes. He helped start Ottawa's Inner City Health project, and has been its medical director since its inception. Ottawa Inner City Health has won numerous awards and received international acclaim for its efforts.

For this and other contributions, Dr. Turnbull received the Order of Canada in 2007. He was also recognized as the Physician of the Year by the Academy of Medicine of Ottawa in 2008. Dr. Turnbull received the CMAE-Ian Hart Award for Distinguished Contribution to Medical Education in 2007, the Ontario Medal for Good Citizenship in 2006 and the Royal College of Physicians and Surgeons of Canada's Mentor of the Year award in 2003.

In addition to his contributions to community health at home, he has been involved in education and health-services initiatives to enhance community and institutional capacity and sustainable development in Bangladesh, Africa and the Balkans.

Over the last few years, Dr. Turnbull has also assumed several leadership roles on behalf of the profession. He served as president of the College of Physicians and Surgeons of Ontario and chaired the CMA's Future of Medicine project. Dr. Turnbull was also Program Director of UNESCO's Universities in Solidarity for the Health of the Disadvantaged.

Jeff Turnbull continues to practice internal medicine both at the Ottawa Hospital and at several shelters associated with Ottawa Inner City Health.

Jeff Turnbull

Thank you, Tim, for the kind introduction, and I must say I'm truly honoured to be before such a distinguished group today.

In the time I have with you, I hope to accomplish three tasks:

First, to highlight the decline in the health-care system and some of the causes for this decline;

Second, to propose principles and strategies for a new medicare system; and

Finally, to issue a call to action on what we all can do to preserve and modernize a health-care system that has served Canadians so well for so many years.

Our health-care system has helped us live longer, healthier lives; provided us with a sense of security knowing that we can get the highest level of care, whether we are rich or poor; and nurtured a sense of community and pride in our country.

But, beyond the obvious social benefits, our economy has been greatly strengthened by a work force that is not only skilled, educated and mobile, but also healthy.

Medicare, a crucial employee benefit, helps create a competitive climate for business investment—adding the equivalent of an estimated $6 an hour to an autoworker's wage.

And the health-care sector itself generates close to one-tenth of the country's jobs—skilled positions not only in doctors' offices and hospitals, but also in research labs and universities, and in leading-edge fields such as biotechnology and the life sciences.

But I'm not here to talk about the past. I'm here to talk about a system that is deeply troubled and that is experiencing a total lack of concerted, coordinated action to harness the national will to reshape it for the future.

Let us, for a moment, apply the best of business principles to the Canadian health-care system.

This company has $192 billion in revenues, ranking third in North America after Wal-Mart and Exxon Mobil. It employs more than a million people—equal in Canada to the construction industry. Its 14 divisions each carry out the same function, but with 14 different IT systems and purchasing departments, no clear system for sharing best practices, and no evaluation of outcomes, either separately or as a whole. The CEO changes frequently and because of this often does not have a long-term perspective. And this business does not provide a meaningful annual report to its shareholders—Canadians.

Would you invest in such a company or entrust your health to its care?

We can no longer tolerate leaving a system so large, so vital to the well-being of our citizens and to the success of our country, to manage itself without core information systems, indicators and measures of success; without modern governance, transparent accountability and visionary leadership; and, above all, without a clear and unwavering focus on the people the system is designed to serve—the patients.

In any other line of business, such things would be considered essential, but, for some reason, in health care, we permit massive inefficiencies.

For example, in my hospital, the Ottawa Hospital, the occupancy rate is never less than 100 per cent, 30 to 40 patients await a hospital bed, and 450 surgeries were cancelled last year because of a shortage of beds. Yet, on any given day, we have 150 to 160 patients awaiting placement in long-term care where they would get more appropriate care at a fraction of the cost.

The same scenario repeats itself across the country with alarming consistency.

- Five million Canadians do not have a family doctor;
- Emergency departments are congested;
- Wait times for tests, while improving, are still unacceptable;
- Mental-illness services are woefully lacking; and
- 10 per cent of Canadians can't afford the drugs they need, while many more will not be able to afford long-term care.

Every day, Canadians lack access to the health care they should expect and, as a result, suffer both physically and emotionally.

Other less wealthy nations do more for their citizens and get better health outcomes, while Canada, once a world leader by many measures, loiters near the back of the pack.

Too often, instead of reforming the system, we've lost time and energy on arguments over funding. But before we talk about how we're going to pay for our health-care system, we need to first decide what kind of health-care system we want.

Canada's doctors think the best way to do this is to start with the fundamentals: that is the principles underlying medicare—universality, accessibility, comprehensiveness, portability, and public administration.

What we cherish about our system are the ideals embodied in these principles—the idea that the health care you get is the same whether you are rich or poor, or live in Whitehorse or Whitby. Our health-care system today makes a mockery of these principles, both in letter and spirit. We're living under the delusion of what medicare ought to be, rather than seeing it for what it really is.

For example, how accessible is medicare when a scheduled surgery can be cancelled on a moment's notice?

Here is what happened recently to an 80-year-old woman at my hospital requiring major surgery for an aneurism. Her two daughters flew in from Vancouver to be with her. She was in hospital, had endured a taxing prep and been pre-medicated. Then the surgery was cancelled because we had no bed for her. Sobbing, she told me she just couldn't go through the process again.

Multiply that impact on one life and one family by 450 times a year, at one hospital alone, because we somehow can't re-engineer the system to function as it should.

How comprehensive is a medicare system that denies people the drugs or devices they need to get better? The current law governing medicare covers only physician and hospital care. When the law was written, this accounted for 60 per cent of medical treatment. Today it's only 40 per cent.

With new pharmaceuticals and less invasive surgeries, more people should be treated in their homes and in the community with the appropriate supports—supports that are not covered by medicare as we know it.

On a practical level, this means that when I go to discharge a patient from the hospital, he or she may not want to leave because they won't be able to pay for services such as a walker or wheelchair, or medications that are covered in the hospital. The cost of these is beyond the reach of many Canadians.

Treating sick people callously is neither good social policy nor good economic policy. It not only costs us all in dollars and cents, it runs counter to our values as Canadians.

I am also convinced that, if we are to live up to our country's values, we also need to look at the health of our citizens in a wider context. As CMA president, I've had the opportunity to meet with physicians in every part of the country, in communities large and small. One after another, they tell me of patients who struggle with poverty, hunger and lack of adequate housing, and who pay the price with their health.

The poor have greater rates of addiction, disability, mental illness, cancer and heart disease, and chronic illness such as diabetes. The poor get sicker than the rest of us, and they die sooner.

In Ottawa, I provide medical services in the homeless shelters, where, in sight of the Peace Tower, 1,000 people a night seek refuge. There, the age-adjusted mortality rate is four to seven times that of the housed population. Only one-third of these people will ever reach the age of 75.

The incidence of HIV in homeless shelters exceeds that of many countries in Africa. The prevalence of Hep C in our injection drug users is epidemic, exceeding 80 per cent. The incidence of TB in our First Nations exceeds that in areas where I have worked in Bangladesh. And while, as a whole, Canadians can expect to live long lives, that expectation is cut short if you are Aboriginal or Inuit—or poor.

Make no mistake, these could be your family members, people in your community, and they are certainly Canadians entitled to the same expectation of a decent standard of living that we all share.

Yet, the more we spend on health care, the fewer resources are available for other services that are just as important to good health, such as poverty reduction and housing. Considering that one-fifth of total health-care spending is attributable to socio-economic disparities, one way or another, we all pay for this inequity. It is past time that we did more to help those who need it before they end up in the health-care system.

Last summer, the CMA issued a policy document outlining some of our ideas, beginning with a look at the underlying principles of medicare that are laid out in the Canada Health Act. In addition to the original five, we suggest that some new principles need to be considered.

For example, the system should be more patient-centred—a system that provides seamless access to the continuum of care in a timely manner, based on need and not the ability to pay, that takes into consideration individual needs and treats the patient with respect and dignity. Doesn't this sound like common sense?

And medicare should be sustainable. Too often, we define sustainability in health care solely in financial terms. But sustainability isn't just about money, but also about what that money gets us. It's about providing universal access to quality patient-centred care that is delivered along the full continuum in a timely and cost-effective manner. That's something we should be proud of.

But there is no value in having financial sustainability if we don't use those resources to ensure and improve the overall quality of the system itself.

Across the country there are pockets of innovation, but they are not shared. We need to look at the many resource-saving innovations and efficiencies that can lead to timelier and higher-quality care and find a systematic way to expand them nationwide.

We can, for example, better integrate services across the continuum by creating the long-term beds that can allow patients to leave hospital but still get the level of care they need.

We can focus on safety and quality, which may sound expensive, but, paradoxically, a focus on quality and safety has been shown to be cost-saving.

We can push the medical profession to get with the program on electronic medical records. Only a third of Canadian doctors are using EMRs, and this isn't new technology. My vet and my dentist are better at this than most doctors.

We can follow standard practice guidelines that have been shown to be efficient and effective. We can focus on health promotion and healthy communities. We can use our combined purchasing power to ensure taxpayers get the best value while patients get the best care.

And, finally, we can look at the management and governance of health care to better ensure that the system is accountable to you, the people who use it and pay for it. As taxpayers, you deserve to know how well the system you pay for is performing.

So what can we do about the future of our health-care system? It's not as though we don't know where to start. Study after study has put forward ways to improve the system. The Ontario Medical Association recently unveiled its recommendations to enhance Ontario's health-care system.

Yes, Canada's physicians have some ideas of their own. What we want now is to hear from Canadians on what they think their health-care system should look like.

This is why the CMA has launched a National Dialogue on Health Care with a Web site, healthcaretransformation.ca, where everyone can share their views, and a series of public town hall meetings across the country where Canadians can take part in a vigorous and open debate.

I'd like to invite all of you to the one tomorrow at the St. Lawrence Centre, but it's been sold out for almost two weeks. I think this illustrates that Canadians aren't just ready for this discussion, they're hungry for it. And for very good reasons.

In 2004, the federal, provincial and territorial governments struck a 10-year accord for health-care funding—the deal that was supposed to fix health care for a generation. It's only three years until the accord expires, and the clock is ticking. It's time to start laying the groundwork now to ensure that the next accord leads to real and effective improvements to medicare.

Ladies and gentlemen, when the global recession loomed, threatening our country's prosperity and our citizens' well-being, the federal government did not sit on the sidelines. It leapt into action with a massive initiative—Canada's Economic Action Plan—designed to modernize our country's crumbling infrastructure and keep Canadians on the job.

As a result, Canada weathered the global recession better than most countries, and communities are benefiting from improvements to their roads, water systems, and recreational facilities.

Today, Canadians are saying that health care is as big a concern as the economy, and they want action now. What this country needs now is nothing less than Canada's Health Care Action Plan. We call upon our decision makers to show leadership once again to tackle the looming crisis in health care.

A Health Care Action Plan, like its economic counterpart, would call on the participation of the provinces and the municipalities to leverage transformative change. It would address not only health infrastructure needs, but transform the system to ensure more effective use of HR, to better incorporate health IT, and to introduce new accountability mechanisms. And it would be based on principles, and be practical. Canada's doctors believe such an Action Plan would represent an historic leap forward in creating the next generation of medicare.

We ask the federal government to demonstrate courage and leadership. And I want the federal government to know that Canada's physicians will be supportive, as long as the patient's interest comes first.

In the 1960s, medicare emerged around a set of principles designed to ensure health care for all. Fifty years later, it will once again take bold vision to renew this promise. But this is a unique opportunity to improve the quality of life of Canadians, not just for a generation, but for many generations to come.

With a federal election possibly around the corner, it will take political courage to take on the renewal of our health-care system. From what I have heard from Canadians in every part of the country, there is no doubt in my mind that this is a priority. Ignoring health care in the context of an election would be foolhardy.

When Canadians go to the polls, it will likely be their last opportunity to signal, through the ballot box, the focus they expect from federal politicians prior to the expiry of the Health Accord. As Canadians, we will need to choose wisely, as our vote will have an impact that will last far beyond the mandate of the next Parliament.

In closing, we find ourselves at a crossroads and the decisions we take today will be judged by future generations. We all have a role to play. Each and every one of us can help transform medicare for today's patients—and tomorrow's.

But we all need to take ownership.

Thank you.

The appreciation of the meeting was expressed by Geoff Wilson, President and CEO, Toronto Port Authority, and Director, The Empire Club of Canada

March 30, 2011

Kirstine Stewart

Executive Vice-President, English Services, CBC

A MODERN APPROACH TO BROADCASTING. EVERYONE. EVERY WAY.

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Beverly Brooks, Managing Director, Kingsdale Communications, and Director, The Empire Club of Canada; Talon Lloyd, Student, Student Council President, Silverthorn Collegiate Institute; Rev. Vic Reigel, Honorary Associate, Christ Church Anglican, Brampton; Nichole Anderson, President and CEO, Business for the Arts; Jack Rabinovitch, Founder, Scotiabank Giller Prize; Sara Hill, President, M2Universal; Verity Craig, Managing Director, CV Management, and Director, The Empire Club of Canada; Stephanie MacKendrick, President, Canadian Women in Communications; Kevin O'Leary, The Lang & O'Leary Exchange; and Peter Mansbridge, Chief Correspondent and Host, The National.

Introduction by Tim Reid

Kirstine Stewart, appointed in January 2011 as Executive Vice-President of English Services, oversees its national operations, approximately 5,000 employees and a $785-million budget covering multiple media platforms across the country.

Since coming to the CBC in 2006 as General Manager, Television, Kirstine has re-established the CBC as a leader in Canadian-made television programming and broadcasting by commissioning the greatest number of Canadian content hours the CBC has ever had in prime time, including many breakout Canadian hits. Kirstine was integral to CBC's move from last place to first in just two years, in Canadian programming. She has also developed broadband and mobile content strategies and increased CBC's presence in regional markets across the country.

Kirstine's deep and broad industry experience spans the country and the continent. Prior to joining CBC she was Senior Vice-President, Programming, Alliance Atlantis. There she was responsible for the programming and management of eight channels, including BBC Canada, National Geographic Canada, and Home and Garden Television.

As Senior Vice-President, Programming, Hallmark Entertainment, Kirstine oversaw the programming of 17 international broadcast channels watched by more than 50 million people worldwide, managed a programming budget of US$300 million and a staff of 750 in New York, Los Angeles, Denver, Hong Kong, London and Australia.

She has also been General Manager and Vice-President, Programming Trio/Newsworld International where she was responsible for the programming distributed to 30 million homes in the U.S.

Her career in the industry began as President, Distribution, for Paragon International.

Kirstine is a member of the Forum of Young Global Leaders, selected to advise the World Economic Forum. She was named Canadian Women in Communications (CWC) 2010 Woman of the Year, has been recognized by the Women's Executive Network as one of Canada's Top-100 Most Powerful Women, and in 2006 was named one of Canada's Top 40 Under 40. Marketing Magazine has also recognized Kirstine's role in naming her CBC Media Player of the Year, 2009.

She is a founding board member of Culture Days, sits on the Banff Television and Film Festival board and on the boards of White Knights and Amfar. Kirstine is a graduate of the University of Toronto, and the Global Leadership in the 21st Century program at the Kennedy School of Government, Harvard University.

Kirstine Stewart

Thank you Tim, thank you to the Empire Club, and thank you ladies and gentlemen for joining me here this afternoon. I am very honoured to be with you today.

I think it's fitting that my first major address as EVP of CBC English Services is here at the Empire Club.

For over 100 years the Empire Club has been the preeminent speakers' forum to support and encourage active discussion and debate. Through its history it has featured at the podium remarkable Canadian thinkers and Canadian storytellers, reflecting the ideals and values of Canada.

Likewise, CBC was created out of the ideals and values of our great country and we take pride in that. As a media organization, we believe it is our duty to build a forum for active discussion and debate, reflecting a diversity of voices and ensuring a diversity of opinion.

So this is, I believe, an appropriate platform for me to share our vision for the future of the CBC.

The CBC acts as facilitator—distributing and analyzing news, exchanging information—and connecting to people through the telling of stories made for, and made by, Canadians. And we too are the home of great Canadian thinkers and Canadian storytellers.

Very sadly, this week we experienced the loss of one of our own great storytellers, Roger Abbott, founder and star of the iconic Royal Canadian Air Farce. We will miss him terribly.

Looking back on the man and what he brought to the CBC and to the millions of Canadians he made laugh every week, I realize that Roger's life is truly a shining example of a life lived in the service of Canadians and a great illustration of what the CBC is all about.

Royal Canadian Air Farce was actually one of the first "multiplatform" shows. It got its start on CBC Radio in the '70s and its wry satire of politics and life in Canada soon moved to television where for 28 years it continued to provoke laughter out of the reality of Canadian politics.

Roger was a pioneer, and his legacy, which his team will continue, in my opinion really exemplifies the role of a public broadcaster to take issues that are important to all Canadians and explain them in a way that engages the audience. It accommodates the audience by moving between mediums, and adapting the content to new technologies along the way, because a "legacy" is not just your history, it is actually what you bring forward from your history into the future.

Whether it is our comedy, our dramas, the 59 years of Hockey Night in Canada or the 50 years of the Nature of Things, CBC has always celebrated the best of Canada.

What Roger and so many others have created throughout the past 75 years at the CBC is what we build upon every day. And, just as the Empire Club is changing with the times, we also look at our future at the CBC and how we can change and adapt and serve Canadians better. How we can matter even more.

What we envision—and what I have both the privilege and the challenge of turning into reality—is nothing less than a re-definition of the CBC as a truly modern public broadcaster. And we will strive to be the standard bearer for public broadcasting and media everywhere.

For 75 years the CBC has carried the voice of Canadians, as it is often said, from coast to coast to coast. We have been the place Canadians have turned to in good times and in bad, for information, for reassurance and for "the whole story." From Matthew Halton to Knowlton Nash to Peter Mansbridge, from Adrienne Clarkson to Adrienne Arsenault, there is at the CBC a truly dedicated family of individuals both in front of, and behind the cameras and microphones. People who understand the importance of our role in this country and have kept the spirit and the integrity of public broadcasting alive while they do their very best to bring Canadians what it is they need—and deserve—from their national media.

Within Canadian boundaries and around the globe, the men and women of CBC work every day to bring Canadians into the story for a firsthand view of events at home and around the world.

CBC has played an important part in both documenting and sometimes in provoking Canada's evolution.

We as Canadians are proud of the place our country holds for many around the world. Canada has long been the home for those escaping persecution, poverty and unrest; we have nurtured innovators and provided opportunities for entrepreneurs, and outside our borders we support our NATO allies and other governments when help is needed. Today, our country is no longer shy about our contributions and Canada's confidence shows.

We are a country that has come of age and CBC is there, every step of the way.

Today, as a modern public broadcaster it is our responsibility to learn and to adapt to the ways that Canadians want to engage; to do what they feel is important for us to do; and to be there where it matters.

Moving forward, our focus needs to be even more precise. It is less coast to coast to coast. It's now built from neighbourhood to city to town to province and to territory and to all the parts that make Canada great.

What I see as the next stage of evolution for the CBC is a complete transition into the modern public broadcaster who truly knows and recognizes and delivers on the needs and desires of what truly matters to Canadians. We will be the place to nurture, to exchange, to debate and to ensure accessibility and a diversity of ideas—and ideals. We will be the platform for the development and growth of great Canadian culture and great Canadian stories. We will not forget that content comes first, and it is our job to use all means, ways and devices to get the greatest, highest quality of Canadian content into the hands and homes of Canadians. And the CBC has been working hard at a plan "Everyone, Everyway" so that we can deliver on that promise.

It is Canadian to be infinitely curious about the world around us, and crave not just news and information but also look for the stories that tell our own experiences of living in this great country. And where CBC's past is bursting with great radio and television shows that have touched the hearts of Canadians, made us cry, made us angry, made us cheer and made us laugh, the medium can no longer be a passive form of information or entertainment. No longer can anyone in media take a patriarchal view and dictate what their audience "should want" nor presume to know what it needs. The former one-way communication OUT from a broadcaster "on high" as it has been said "from ivory towers" is outdated. It's unpopular, and can be downright dangerous.

This modern era demands information and craves entertainment on a scale like never before. It's fitting that Marshall McLuhan, a Canadian, said, "The medium is the message." Technology has put the power of the medium—the power to create, to comment and to communicate—directly into the hands of the people. Now that anyone, anywhere has the tools at hand to literally become a broadcaster, traditional media starts to look somewhat obsolete.

But, surprisingly, media instead is propelled into a role even more important today. Because media has an opportunity and an obligation in this time of instant communication to become the place, the forum, the facilitator, the fact checker and the great equalizer—media is there in both traditional and new platform space, to provide the needed balance. We ensure diversity of voice and diversity of opinion. The job is not to "play cop" on the content super-highway, but to create a space. We widen the road and provide multiple opportunities for exploration and for the depth of examination and context that no single voice can provide.

That is why—when fact and fiction travel around the world at lightening speed—a strong and independent modern public broadcaster matters more than ever before.

We will continue to provide Canadians with a snapshot of life in Canada for families who have been here for generations, and for those who have chosen to make Canada their new home. Canada is a country made strong by its diversity, by recognizing our differences and celebrating our similarities. CBC is here for all Canadians and provides the forum for all to exchange ideas and stories, and we strive to be authentic in our representation of Canada today.

We have the first fully diverse Toronto newscast on television with Anne Marie Mediwake and Dwight Drummond. Matt Galloway has long been a strong voice on CBC Radio and moved last year to the illustrious Metro Morning spot. Jian Ghomeshi, Suhanna Marchand, Sook Yin Lee and the many many others behind the desks at CBC now look and sound like the many Canadians of different backgrounds we are talking about and talking to.

Our programme development insists on a diversity plan from every producer, and our shows such as "Little Mosque on the Prairie" build success not just from the faith of the people represented on the series, but by relating what essentially is the immigrant experience of so many Canadians. Because Canada is made up of many different people from a wide range of backgrounds and experiences, CBC knows our best snapshot of Canadian life is in vibrant technicolour. People are the core of CBC. It's who we are, it's the news we give, it's the stories we tell and it is the people that CBC serves. CBC is indeed Canada, and Canada is CBC.

And that is at the root of our Strategy 2015 plan—Everyone, EveryWay. It is an ambitious plan to serve all

Canadians to the best of our abilities, Everyone, Everyway. We will maximize the funding we receive and the revenues we self-generate, and invest them back into the priorities that Canadians have for their modern public broadcaster—what they expect from the CBC. This is a plan that builds upon the great CBC legacy. This is a plan that learns from the mistakes that have been made. This is the plan that focuses on the three clear pillars we have heard Canadians want from us. As Canadians we have always expected that the public broadcaster reflect, engage and inspire us and with this commitment the CBC further respects this country's unique attributes and qualities.

Over the next five years we will be more Canadian, more local and more digital in order to serve more Canadians more of the content they want from the CBC.

Putting Canadian content first hasn't always been at the forefront of the CBC. In those early years of Air Farce on CBC Television, it could have easily been scheduled before "Mork and Mindy" and after "Joanie loves Chachi." Both were on the CBC prime time schedule. So you can say, "We've come a long way baby." Today, it's clear that Canadians do want Canadian news and entertainment. The same democratic system that votes in a government votes every time a viewer or listeners clicks, changes a dial or tunes in to a Canadian show. Even more satisfying is when those choices are made against foreign programming. Canadians are voting to see more of themselves, electing to watch and listen to the stories of the places, the people and the issues that reflect their own experiences. Whether it's "Fifth Estate," this year earning its biggest-ever audience, or "Dragon's Den," stirring up the spirit of entrepreneurship and investing literally millions of dollars across the country, whether its "Afghanada" dramatically representing the experiences of our brave servicemen and women, or "The National," "As it Happens" and "The Current" giving Canadians quality journalism and current affairs through ongoing news and analysis. For every click, turn or even counting the millions who cheer for "Hockey Night in Canada" when a favourite team scores, we know and have learned that when the CBC connects Canadian shows to more Canadians, it does a better job serving as a modern public broadcaster.

So the first pillar of this plan is to be even more Canadian, to be "Canadian First."

We made a move just three years ago to be 100-per-cent-Canadian content in kids. When we serve parents and their kids under five we think it is important that they learn first and foremost in a 100-per-cent-Canadian and 100-per-cent-commercial-free environment. Those of us who proudly had our own tickle trunk like Mr. Dressup (as I did) and today anyone whose kid is a fan of Mamma Yamma knows what I'm talking about.

Even today, in prime time television we have depended on foreign programmes like "Jeopardy" as a crutch to develop and showcase our own Canadian stories on television. And low and behold, it was a plan that worked. These past few years have fostered new relationships with producers, both independent and within CBC and from all across the country, who create great new Canadian hit shows on television, and reinvigorate CBC classics. Our viewership is the highest it's been on CBC Television in 15 years. That's a lot of people voting with their remote! So now we don't need those crutches anymore. We work with thousands of creative people across the country who now form a strong industry of content creators who are showcased not just on CBC but also outside Canada's borders on a world stage. And it is that talented group that has given us the hits now entertaining millions of Canadians like "Republic of Doyle," "Heartland," "Battle of the Blades" and the "Rick Mercer Report." "CBC is made stronger by Canadian shows and Canadian shows are made strong at the CBC." It's a valuable relationship that works and by increasing our Canadian content on television and online, together we will bring Canadians more of the Canadian stories they want to watch.

And now that we have built back a relationship with the Canadian audience through our breadth of ongoing series, we can punctuate our success with more special-event programming, and we'll bring that new audience along with us.

Signature programming, using multiple platforms to build an important message and reach out to Canadians, will be featured more than ever on all CBC outlets, and we will build on the business partnerships we have in the community to support these initiatives, which are often in line with their own priorities. And we connect with organizations such as Participaction, and with concerned citizens on our "Live Right Now" campaign aimed at giving Canadians the tools they need to live better lives. It's CBC News' "Champions of Change." It is "Kraft Hockeyville," celebrating the spirit of our national sport in the towns across the country. It's "Canada Reads" now on radio, on television and online, network and local working together highlighting the best of Canadian authors. It's the Genies celebrating great Canadian film with more audience last month than in the last 15 years combined, and trended #1 in Canada on Twitter. And now, I'm thrilled to announce our newest partnership with Jack Rabinovitch, the Scotiabank Giller Prize, which is now moving to CBC Television, CBC Radio and all our platforms every year for the next five years (thank you Jack).

There's a common thread among the shows I mentioned that have been hits for CBC Television, and its a truth borne out by the endearing popularity and engagement of people across the country for CBC Radio. CBC Radio has long recognized the value of Canadian programming to Canadians and built its relationship with the country community by community. From "Island

Morning" on PEI CBC Radio to "Mid-day Café" in the Yukon to "Blue Sky" at noon in Saskatchewan to "All Points West" in BC, the radio programmes carry the tradition of neighbourhood building and connection, now even more important to us who live in a country so vast, and with today's proliferation of "World Wide Web" local connectivity and reflection means something more than ever to us in Canada.

So this is the second pillar of our plan—to be even more local.

Whether its Jake Doyle running criminals down the streets of St. Johns, or the stories of the Heartland ranch outside Calgary, or the "Nature of Things" examinations of all different parts of Canada, the shows that work best for Canadians, and therefore best for CBC, have a local focus. So we will give Canadians more of the great programming they've been enjoying on CBC, set in the great towns and cities across the country reflecting a modern Canadian life.

Local content for a local audience, like in our supper-hour television shows and our afternoon and drive times on CBC Radio, tells people in the cities and towns across the country the important news and information they need to know from their own neighbourhoods. It's a vital connection in areas across the country and CBC has not been able to serve as many Canadians locally as we have wanted to. But with modern news gathering and new technologies allowing for better ease of distribution, we plan, with Everyone, Everyway, to serve six million more Canadians locally by 2015 than we do today. Just a few years ago this was not possible, but by investing in ways to reach more Canadians more economically than we have before, we will be able to better serve people locally online, over the radio, via the television than ever before.

And that brings us to our third pillar in our plan—to become more digital. Whether through Canada's first 3d broadcasts, to the invention of instant replay first used anywhere worldwide by CBC Sports, to the millions of Canadians who click and read and view and listen on cbc.ca, to CBC's status as most downloaded podcasts in Canada for "George Strombouloupolos Tonight" or "Q" with Jian Ghomeshi, CBC knows the importance of a public broadcaster's ability to harness and nurture innovation in technology.

And today, technology allows for the speed and breadth of information on a more economical scale. Over the next five years we will continue to be at the forefront of technology that Canadians want to use, and reach them in their towns, communities and homes with even more information more quickly and with deeper context and opportunities for people to explore more about what excites and motivates them—to be the virtual forum for all.

We will also use new technologies to make the content more affordable in its creation. We've seen this through CBC's ambitious news renewal this past year and we will look to other areas where technologies can provide us with the edge we need to make more content within the relatively stagnant funding we have at our disposal. We will learn how to do more, and make more, with less. And technology will get us there by providing ways to save resources while not scrimping on the quality Canadians expect from CBC—on any platform. It will give us the ability to better serve a variety of genres, for example in music on new streams, and CBC will create more opportunities for radio programming on multiple platforms, building on the success of CBC Radio in its traditional form on a dial and exploring the possibilities for radio programming on all new media.

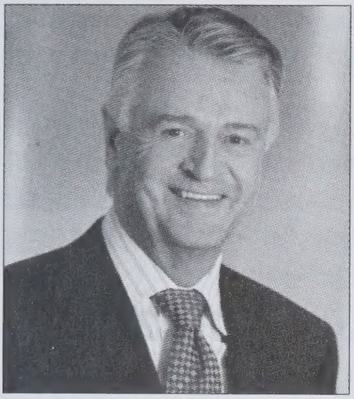
We're excited about this plan, and about all of the possibilities ahead of us. A modern public broadcaster is one that serves all its public, Everyone, Everyway. We will be that broadcaster, and we will be here, serving more

Canadians than ever before. If it's important to Canada, it's important to the CBC.

By creating even more great Canadian content on multiple platforms, by reaching and serving more Canadians in the towns and cities in which they live, and by being a broadcaster at the forefront of technology, we will connect to Canadians and connect Canadians to each other—Everyone, Everyway.

Thank you ladies and gentlemen; thank for being here and thank you for listening.

The appreciation of the meeting was expressed by Verity Craig, Managing Director, CV Management, and Director, The Empire Club of Canada.



March 31, 2011

Patrick Daniel

President and CEO, Enbridge Inc.

CANADA AS A LEADER IN THE WORLD ENERGY MARKET

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Robin Sears, Senior Partner, Navigator, and Director, The Empire Club of Canada; Leon Raubenheimer, CEO, ZED Financial Partners; Caird Urquhart, President, Newroad Coaching; Heather Ferguson, Principal, Caledon Consulting, and Director, The Empire Club of Canada; Maria Alvi, Student, C.W. Jefferys High School; Rev. M.J. Perry, Rev. Minister, United Church, President, York Region Children's Aid Society, and Past President, York Region Children's Aid Society; The Hon. Roy MacLaren, Former Minster of International Trade; and John Beaucage, Principal, Counsel Public Affairs.

Introduction by Tim Reid

Patrick Daniel was appointed President and Chief Executive Officer of Enbridge Inc. effective January 1, 2001. He became a Director of Enbridge Inc. in May 2000 and is also a director of a number of Enbridge subsidiaries.

Pat's energy-sector experience spans over 35 years. He has held numerous positions of increasing responsibility over his years with Enbridge and its predecessor companies.

His background includes process engineering, information technology and corporate planning positions with Hudson's Bay Oil and Gas and Home Oil. Following Home Oil's acquisition by IPL, he served as Director, Planning for Interhome Energy Inc., and was responsible for the start-up of Enbridge's technology and consulting business unit, its international division and expansion into the natural-gas business.

Pat is a Director of Cenovus Energy Inc., Canadian Imperial Bank of Commerce and he is a member of the North American Review Board of American Air Liquide Holdings, Inc.

Pat is an active industry and community volunteer. He is a member of the National Petroleum Council and a director of the American Petroleum Institute. He volunteers with the United Way, the Nature Conservancy of Canada and numerous other non-profits.

In 2007, he was named Canadian Energy Person of the Year by the Energy Council of Canada and in 2009, he received the Distinguished Business Leader Award from the University of Calgary, Haskayne School of Business and the Calgary Chamber of Commerce. In addition, Pat was named 2010 Resource Person of the Year by the Alberta Chamber of Resources.

Pat holds a Bachelor of Science degree from the University of Alberta and a Master of Science degree from the University of British Columbia, both in Chemical Engineering.

Please join me in welcoming Pat Daniel to the stage.

Patrick Daniel

Thank you Tim for that kind introduction and thanks to all of you for being here today.

I have been asked to speak about our Northern Gateway pipeline project today—a story about improving Canada's world crude oil markets.

Before I do that though, I would like to challenge one of the many myths that surround our industry. "Canada is a global energy superpower." In my view, we could be a global player, but today we're merely a price taker, particularly with regard to oil and gas. Our Northern Gateway project will propel Canada into that league; without it we stay trapped in North America.

As we go into this election campaign, I hope that you will help me explain to our leaders that Canada needs to be a more prominent world player.

We can build on our reputation as a great trading nation, and we can secure our access to the most important new energy markets in the world, the economies of the Pacific Rim. Or we can lower our horizons, keep our nation's most important export commodity landlocked and discounted and retreat to serve North American customers only. I believe the choices are stark, real and obvious.

Our energy reserves are already a tremendous strategic advantage for Canada, but will provide full value only if we choose to use, develop and make them available to the rest of the world.

Through our proposed Northern Gateway Pipeline project Enbridge is committed to doing just that—delivering the next great bridge between Canada and our Pacific trading partners.

Northern Gateway will open new markets for Canadian petroleum, will create thousands of construction and supplier jobs, and significant permanent employment right across Canada. It will generate millions of dollars in benefits for the First Nations and other communities involved and hundreds of billions of dollars for a generation of Canadians. But only if we can rise above the mounting clamour of a coalition of hard-line activists and their political allies committed to saying "no" to proposed projects and initiatives rather than seeking balanced, sustainable development and supporting continued prosperity for our entire country. We say "no" to nuclear, we say "no" to coal, we say "no" to oil, we say "no" to fracturing wells to recover natural gas, but we say "yes" to light switches, cooked food, school buses and gas pedals.

Let me tell you a little bit about Enbridge and how we came to lead this alliance of partners behind Northern Gateway. We are an energy-transportation company. We move energy safely from areas of production to consumers across North America.

We operate the longest and most complex crude oil pipeline system in the world, delivering more than two million barrels of crude oil per day.

We gather and transport natural gas, more than seven billion cubic feet each day, and that part of our business extends from Northern B.C. to the American Midwest and through much of the southern U.S. including the Gulf of Mexico.

Enbridge Gas Distribution, with about two million customers primarily here in metropolitan Toronto and Ottawa, is the largest natural gas utility in Canada.

I'm also proud of our substantial and growing investment in green and renewable energy, with seven wind farms, the world's largest photovoltaic solar energy facility in Sarnia, waste heat recovery, small fuel cells and geothermal energy.

The energy that we deliver is essential for everyday Canadians and for the Canadian economy: it heats and powers homes, hospitals and businesses. It moves people, goods and information and it drives our economy. The energy we move to consumers literally drives our economy.

We are proud of how we deliver on our commitments. We take very seriously our obligations and responsibilities to deliver energy safely, reliably and sustainably.

At Enbridge, we are committed to helping make Canada a truly global energy superpower. But simply possessing our vast reserves of oil, gas, coal and renewable energy sources doesn't make it true. Our vast forests don't make us a "lumber superpower" any more than millions of acres of rich farmland makes us a "grain superpower."An economic superpower, in whatever sector, is a country that has the influence, impact and standing on the world stage, that comes from delivering to partners across the globe.

Canada could be an energy superpower, but we're not one yet. It will require strong leadership, strategic vision and focused effort over several years.

Canada's geographic position atop of the world's largest energy consumer (the U.S.) is a unique advantage—one all of our competitors would love to have. But our unparalleled integration with the U.S. market is also a problem: it makes us complacent, and it makes us a captive supplier. When you have one customer, by definition you are a price taker, not a price setter.

Let me be clear: the U.S. is, and will remain, Canada's most important market and our closest trading partner. The interdependence of our economies is a huge permanent advantage for Canadians and Americans.

Virtually all of Canada's crude oil exports go to the United States. At about two million barrels per day they make up one out of every five imported barrels of oil. Too few Canadians and even fewer Americans know that Canada is by far the largest single source of imported oil for the U.S. The United States likes, perhaps even prefers Canadian oil. It is secure and reliable.

But they have other options, a world of global energy options. We don't.

Today the U.S. is Canada's only energy market. We don't have options right now, and that's an imbalance that Enbridge wants to help correct.

Canada has always grown and developed toward the north and the west, toward the frontier. At the same time, as a nation we have always looked back—south and east—for our trading partners and markets. You can see this in our strong trade connections to Europe and the United States. A quick look at any pipeline map will show the remarkable north/south bias of our networks across North America.

Grow west, and look back east. It was a strategy that made sense in the 19th and 20th centuries when the only markets that existed were on the right side of every map.

To succeed in the 21st century and beyond, Canada needs to trade-in its maps for globes and look not just east and south, but also west across the international date line to the vast, growing economies and huge markets of the Pacific Rim nations.

Enbridge's proposed Northern Gateway Pipeline is a project that does just that. It includes two parallel pipelines from Edmonton to the port of Kitimat on the west coast of British Columbia. The projected cost for the project is $5.5 billion.

Our west-bound pipeline will have the capacity to carry 525,000 barrels of oil per day, while the east-bound line will return condensate.

Canada's sole market for petroleum exports today—the United States—presents us with a second problem beyond our dependence; it's not growing much. Projections are that American markets will remain flat for the foreseeable future.

Northern Gateway will bring Canada's energy resources to the booming economies of the Pacific basin, while delivering sustainable local and regional prosperity to northern B.C. and Alberta and national economic advantage for all Canadians. It will provide us with access to premium markets. The benefits of this transformation will mean billions of dollars flowing into Canadian hands for decades. Reliable independent estimates of the project's impact over 30 years say it will deliver to all Canadians an additional $270-billion increase in Canada's GDP.

Let me pause to help you digest that number. It is roughly half the GDP of Ontario, about one-fifth of Canada's total economic output in one year. It is literally a transformative injection of new economic opportunity to Canadians for a generation.

Where will the impact of that $270 billion increase be felt? Not just in Alberta or B.C. But here, in the industrial heartland of Canada, in the steel mills and manufacturing centres, and from heavy industry to high finance, for a long, long time. This isn't just another Alberta oil-and-gas project. This is a nation-building project. A Canadian energy project.

Canada's ports are two days closer to Pacific markets than most in North and South America. The Pacific should be our market.

Canada's earliest nation builders invested in massive infrastructure to make us a North American and European economic champion.

Look at the St. Lawrence Seaway. It's an economic engine bringing maritime trade to the heart of the North American continent. It was and remains a massive and multi-generational undertaking that has cemented Canada's trade connections to the Atlantic nations.

A gateway to Pacific markets will have the same advantage for Canada in the 21st century that the St. Lawrence Seaway and key canals had for our country in the 19th and 20th centuries. Our West Coast is the gateway to half of the globe's geography and nearly half of the world's population. It is an essential driver of our future economic success.

So, where are we at with the project?

Our regulatory filing was in May of last year. It launched the formal public discussion and consultation on the project. The Joint Review Panel is a quasi-judicial body with representatives appointed by the National Energy Board and the federal Minister of the Environment. Over the course of the next 18 months, the panel will consult with stakeholders and study the application to address two fundamental questions:

i) Will the project cause significant adverse effects on the environment?

ii) Is the project in the public interest?

As Canadians, I think we should be proud of and have confidence in the quality of our regulatory oversight. The

Joint Review Panel will hold Enbridge to the highest standards. It will test the merits of our proposal. I have confidence that it will render a decision that is, and will be seen to be, in the best interests of Canada.

So here's another nasty myth that I'd like to challenge today: the rhetoric of those opposed to energy development suggests that we should be ashamed of our country's abundant energy resources and the oil sands, in particular. What nonsense.

Our energy sector employs hundreds of thousands of Canadian men and women from coast to coast. They work within a strict regulatory regime. And every day they do their best—and their best keeps getting better, by the way—to provide sustainable and responsibly developed energy to all of our communities.

We all need to do a better job at making the connection between the work those energy employees do and the lives we all lead. There is a direct connection between your car's gas pedal and your house thermostat and Canadian oil and gas.

The industry continues to be unfairly criticized by those who use the very energy we deliver. They deliberately ignore the vast, safe and reliable infrastructure that supports virtually every aspect of our modern lifestyle. They vehemently oppose energy development, sliding over the importance of the power generation facilities, transmission lines and electricity grids that support their lives and ours.

We need to make that connection clear again.

I'm sure you've all seen the advertising maps from phone companies boasting about their coverage areas and talking about how their networks make people's lives easier.

The energy industry has been providing even more profound benefits to society for decades.

Let me show you the coverage that Enbridge provides. Let's start with our infrastructure. Liquids and Gas pipelines and Green Energy generation. This is the equivalent of a map that shows where the cell phone towers are, but not the areas they serve. This map illustrates the extent of our system across North America, but not our coverage and impact.

Let's look at gas that we transport from Western Canada, the Southern U.S. and the Gulf of Mexico. Our systems transport at least a portion of the natural gas used for heat, transportation, electricity generation and industry in Ontario, Quebec, New Brunswick and 39 states. In fact, there's a good chance this room is warm because of natural gas that Enbridge has transported.

Our green energy projects are connected to the North American electrical grid and their collected output could power a city the size of London or Oshawa. Our liquids pipelines have a tremendous and largely unrecognized positive impact on a vast number of Canadians and Americans. Fill up your car anywhere from B.C. to Ontario or all of these States across the U.S., and you're likely filling it with gasoline that we transported or that started as crude oil moved by an Enbridge pipe.

Of course folks in those areas are filling up more than their cars. They're also filling up school buses, city buses and ambulances. They're fuelling fire trucks, police vehicles and emergency power generators for hospitals and other critical infrastructure. They're filling up transport trucks and diesel locomotives that carry goods across the continent.

That's our impact on the ground. If you board a plane in these areas, chances are it is using fuel refined, at least in part, from crude oil that we have delivered to market.

Cell phone companies proudly advertize their 4-G coverage as a selling point. I think it's time the energy industry took a page from their playbook and started talking a little more about the impact we have in enabling our society and making modern life possible.

Perhaps you'll forgive me for defending the work of the energy sector as being at least as important to all our lives as faster access to Paris Hilton's Twitter feed delivered to your smart phone on a 4G network.

That's the positive impact that the Canadian energy moved by Enbridge has across North America every day.

Are we a leader in the global energy market?

This begs the last myth I'd like to tackle. It's the one that says Canada is too small to be a global player in any sector. We should be grateful for our access to the United States and we can't compete as an equal on a global stage.

Well, Canada is already a leader in safety, reliability, environmental performance, respect for human rights, regulatory oversight and technological innovation.

Can we be more than that? I believe we can. It requires tough choices, following thoughtful discussion between well-informed Canadians. It requires politicians who are courageous, strategy-driven nation builders, rather than poll-driven followers of political fashion.

It requires that we give our regulators the authority to gather all the relevant information and perspectives before reaching a decision in the best interests of the nation.

The world is clamouring for energy, and will continue to require all sources of energy over the coming decades as we make the transition to renewables.

We could choose to keep Canada's vast supply of oil, which we have developed ethically and responsibly, landlocked on the North American continent. We could continue to sell it at a discount, while other nations create the energy supply lines and energy market access for the rest of the world. Or we can take the steps required to bring our oil to markets around the planet. We can responsibly, sustainably and safely construct and operate nation-building projects like Northern Gateway. We can make the most of the opportunities available to us and build on our strategic advantages as a responsible, democratic trading nation.

Canada's pioneers carved a nation out of northern wilderness, creating an economic powerhouse connecting Europe and North America. I believe it is our generation's turn to take that work to the next level—connecting Canada to the rest of the world and making us integral partners to the most dynamic markets in the world for at least a generation to come.

Thank you.

The appreciation of the meeting was expressed by Robin Sears, Senior Partner, Navigator, and Director, The Empire Club of Canada.

April 8, 2011

Adarsh Mehta

Chair, Canadian Wind Energy Association

WIND ENERGY: POWERING CANADA'S FUTURE

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

John Walker, President, Universal Mobile Solutions, and Director, The Empire Club of Canada; Akshanta Swamy, Student, Cameron Heights Collegiate Institute; Reverend Chris Miller, Minister, Oriole York Mills United Church; Robert Hornung, President, Canadian Wind Energy Association; Thomas J. Timmins, Partner, Gowling Lafleur Henderson LLP; Noble Chummar, Partner, Cassels Brock and Blackwell LLP, and Director, The Empire Club of Canada; Chris Whitaker, President and CEO, St. Lawrence College; and Paul H. Harricks, Partner, Gowling Lafleur Henderson LLP.

Introduction by Tim Reid

Adarsh Mehta was elected to the Canadian Wind Energy Association (CanWEA) Board of Directors in 2008 to help formulate and guide wind-energy growth in Canada. Passionate about environmental sustainability in the energy sector and with experience of over 2,000 megawatts (MW) of wind-energy projects, she was elected Chair of the CanWEA Board at the end of 2010.

Ms. Mehta has been involved in the wind-energy industry in various capacities for 10 years. In 2010 she joined ACCIONA Wind Energy Canada as Development Director, and currently enjoys working with a global team of professionals dedicated to renewable energy.

Ms. Mehta holds a Bachelor of Mathematics degree from the University of Waterloo, a Master of Science degree from the University of Alberta, and an MBA degree from the Kellogg Graduate School of Management and Schulich School of Business, for which she was the sole recipient of the Franklin and Sasarman Simard Scholarship.

In addition to her professional responsibilities, Ms. Mehta is an active volunteer for Child Haven International, a Canadian charity supporting destitute children and women in South Asia. Child Haven International is founded on Gandhian ideals of equality, non-violence, and environmentally sustainable living.

Robert Hornung will be fielding questions following Ms. Mehta's speech.

Robert Hornung has been President of the Canadian Wind Energy Association (CanWEA) since August 2003 and represents the interests of more than 460 members including wind turbine manufacturers, component suppliers, wind-energy project developers and a broad range of service providers to the wind-energy industry. Robert is also a board member of the Global Wind Energy Council.

Prior to joining CanWEA, Mr. Hornung worked for nine years with the Pembina Institute, an environmental research and advocacy organization specializing in energy and environment issues. While at the Institute, he served as Policy and Communications Director and Climate Change Program Director. Mr. Hornung has also worked on the climate-change issue with the Organization for Economic Co-operation and Development, Environment Canada, and Friends of the Earth Canada.

Mr. Hornung has an M.A. in Political Science from the University of Toronto and a B.A. in Political Studies from Trent University as well as an International Baccalaureate from the Lester B. Pearson United World College of the Pacific.

Please join me in welcoming Adarsh Mehta to the stage.

Adarsh Mehta

Thank you, Tim, for such a kind introduction. I'd like to extend my appreciation to the Empire Club of Canada for having me here today. The timing is great. Wind-energy projects are now operating in rural communities across Canada, and have been proposed in many more. This has made wind energy a growing subject of public discourse in Canada and I'm very pleased to have an opportunity to talk to you about it here at the Empire Club.

But before I begin, I want to tell you why I chose to work in the wind-energy industry. Let me tell you about my young friend Leo. Leo is 12 months old. If Leo could talk, I know he would tell me how much he loves playing outside. He would tell me to please make wise choices, so that we can protect the environment, his environment, our environment.

Leo is not my child, but I still care for his future. I care about what his environment will be like 50 years from now, even though I may no longer be here 50 years from now.

I want a safe and stable future for him, a future where jobs and economic activities support and maintain the natural environment he already clearly loves. I want to help build that future and I sincerely believe that investments in renewable energy are critical to getting there.

I am a part of the Canadian wind-energy industry along with thousands of others, because I care about our future generations. I care about ensuring that the energy we create has minimal impact on the environment and great impact on economic growth. So that's why I am working to increase the amount of wind energy in Canada's energy mix.

Ladies and gentlemen, I would like to talk to you about the incredible opportunity that wind energy represents for Canada, now and in the future.

The Canadian Wind Energy Association's mandate is to promote the responsible and sustainable development of wind energy. With a federal election underway and one coming this fall in Ontario, you may hear a lot of commentary on renewable energy and especially wind energy. There will be several angles to these comments. As an association, we work hard to ensure that dialogue on wind energy is well informed and based on factual information.

I'll present to you some impressive facts and figures, and when you leave here this afternoon I'd like to make sure you remember these important figures:

- 20 per cent of Canada's electricity produced from wind
- $100 billion of total private-sector investment
- $50 billion of that investment staying here in Canada
- 50,000 jobs

I will explain the significance of each of these goals in due course.

Let's start with a brief history of wind energy in Canada. Over the past 10 years, total installed wind-energy capacity in Canada has increased 20-fold. Today we are at 4,588 MW of total installed capacity, meeting 2 per cent of Canada's electricity demand.

What does this mean?

Well, every 1,000 MW of wind energy produces enough clean electricity to power more than 300,000 homes a year. It represents more than $2.5 billion in total private-sector investments with $1.25 billion of that injected into the Canadian economy, and it creates more than 1,000 jobs. Every 1,000 MW of wind energy also generates more than $3 million per year in lease payments to landowners, and also provides more than $3 million per year in new revenue for local communities through property taxes and community benefit agreements.

So with 4,588 MW installed as of today, wind energy in Canada produces enough clean electricity to power about 1.4 million homes. That's equivalent to powering all homes in rural Ontario. It represents almost $6 billion in private-sector investments injected into the Canadian economy. It has created more than 5,000 jobs. It generates approximately $14 million per year in lease payments to landowners and also provides more than $14 million per year in new revenue for host communities.

In 2010 Canada added close to 700 MW of new wind-energy capacity to its electricity grid, representing almost $1 billion in new, private-sector investment that stays in Canada.

And we have only just begun. Canada has more wind-energy resources than we could ever hope to use. The Canadian Wind Energy Association has established a target that would see 20 per cent of Canada's electricity produced by wind energy in 2025.

That's enough clean electricity to power every residence in Canada. It represents more than $100 billion in private-sector investments across the country. And about $50 billion of that investment stays right here in Canada. Fifty billion dollars is a big number. Let me put that into perspective; that's the same order of magnitude as our current federal deficit. Twenty-per-cent-wind-energy penetration creates more than 50,000 jobs, generates more than $125 million per year in lease payments to landowners and also provides more than $125 million per year in new revenue for municipalities.

Is it possible?

Wind energy is the fastest-growing source of new electricity generation in the world today. It has grown globally at an average rate of more than 25 per cent a year for the past 15 years.

Wind energy is now operating in almost 80 countries worldwide, with a total global installed capacity of almost 200,000 MW. Globally, wind energy is already producing electricity equivalent to all of Canada's yearly electricity demand. The global wind industry employs almost a half-million people. Last year alone, the world saw $95 billion of private-sector investments in the wind industry.

One trillion dollars are projected to be invested in wind energy worldwide between now and 2020. By 2030, the global wind industry is projected to employ 2.5 million people. What's the current situation in countries that are leaders in wind energy?

Wind energy already produces enough power to meet 20 per cent of Denmark's electricity demand, 13 per cent of Spain's electricity demand, 12 per cent in Portugal, and 8 per cent in Germany.

So where does Canada rank with its 4,588 MW of installed capacity? We're the ninth-largest producer of wind energy in the world. The good news is that we're in the top 10. But we have some work to do if we want to climb up from ninth place. Remember that global capital tends to flow to wherever there is least resistance. North America may still have huge untapped potential, but the fastest-growing market is currently Asia. New markets in Europe and in Latin America are emerging. The world is excited about wind energy.

Look at China, Turkey and Brazil; these countries are racing to find ways to attract global capital to facilitate wind-energy development. The competition for this global capital is intense. China wants to move from 45,000 MW of wind now to 200,000 MW by 2020. Great Britain wants to move from 5,000 MW now to 28,000 MW by 2020. Germany wants to move from 27,000 MW now to 42,000 MW by 2020. Canada needs to be in this race as well, and we do this by staying competitive.

To attract new private investments in wind energy, Canada must have policies for stable long-term growth in the wind-energy sector. With such stability, Canada can capitalize on the opportunity to achieve our goal of 20-per-cent wind energy by 2025. That is, with stable policies attracting global capital, Canada would cash in on the opportunity to benefit from almost $100 billion of private-sector investment by 2025, representing an injection of at least $50 billion into the Canadian economy. (These are some of the numbers I asked you to remember.) We absolutely must embrace this opportunity to become a wind-energy superpower.

I have studied other jurisdictions around the world to see how they are succeeding with wind energy. To compete successfully in the wind-energy industry, I see six critical keys to success:

- We need electricity markets to reflect the full cost of production, like environmental impacts.
- We need our governments to provide stable and sustained, long-term policy support for wind-energy deployment. Like for example, deployment targets.
- We need to ensure investments in our grid help us access wind-resource-rich areas and facilitate wind-energy integration through stronger interconnections.
- We need to improve the efficiency, while preserving the effectiveness, of wind-energy permitting and approval processes.
- We need all wind-energy project developers to work hard to build and earn community support for wind-energy development. This, in fact, is one of my personal priorities as Chair of CanWEA this year.
- We also need wind-energy research and development to continue to improve generation efficiency, decrease energy production costs and facilitate grid integration.

Let's focus on Ontario now, as it is home to most of us in this room.

At almost 1,600 MW, Ontario currently hosts more than a third of Canada's overall installed wind-energy capacity. In a few more years, we will more than double our installed capacity with wind projects that are already contracted to be built. You may know that the Ontario government released a Long Term Energy Plan last fall.

Under this plan, we estimate that Ontario's total installed wind-energy capacity will grow to 7,000 MW by 2018.

Let's do some math again. Seven thousand MW produces enough clean electricity to power more than two million homes. This represents almost $18 billion in private-sector investments, with $9 billion of this staying in Canada. It also creates another 5,000 jobs, for a total of around 7,000 jobs. It generates more than $20 million per year in lease payments to landowners and also provides more than $20 million per year in new revenue for host communities.

I think everyone would say "yes" to adding more clean electricity to our grid. I think everyone would say "yes" to adding more jobs in Ontario. I think everyone would say "yes" to the tremendous economic benefit that wind energy provides to communities where wind farms exist.

We all know that Ontario's manufacturing sector has struggled through some tough times recently, with more than 38,000 jobs lost in the auto industry alone between 2007 and 2009.

Wind-turbine manufacturing and component supply has the potential to contribute to the effort to get these people back to work. Many companies in the automotive sector are actively pursuing, or already engaged in, new activities in the wind-energy industry.

In addition, colleges such as St. Lawrence College in Kingston are providing education and training to those seeking jobs in the wind-energy industry. With 7,000 MW of installed capacity, full-time wind-turbine operations and maintenance positions at wind farms across Ontario will grow from 500 jobs at present to more than 2,300 jobs by 2018. And that's just in operations and maintenance.

We have a table of forward-thinking students here today from St. Lawrence College, who made a decision to pursue training in wind-energy systems. I think we should applaud them for their confidence in our industry. (Besides, one of them might be our boss some day!) They see that tremendous opportunities exist for them in Ontario and elsewhere in Canada to be a part of an industry that provides clean electricity from safe, reliable wind-energy facilities. We have to do everything we can to support them. These same students, along with many of their peers, will form a part of the wind-energy industry in the near future. We know that new jobs in a region will spur additional economic development. There will be new taxpayers on the block. Local establishments will benefit from people who are able to spend a little of their hard-earned cash.

Let me give you an example from personal experience. I work for Acciona Energy, a multi-national renewable energy company. Just last week, Acciona Energy commissioned a 45-MW wind farm in Lameque, New Brunswick. A few months ago, when I visited the wind farm during its construction, I stayed nearby in the lovely “B&B aux Peupliers.” The owners, Géraldine and Jean, told us that their business has certainly increased due to Acciona’s activities at Lameque. There’s also a restaurant nearby, called Petit Mousse, and the owner Renée Noël just told me yesterday that she too can attest to increased business, thanks to workers at the wind farm—and visitors to the wind farm—stopping in frequently.

Wind farms can be an important source of new money in rural areas. They can provide an additional revenue stream to farming operations that currently depend on selling commodities subject to price volatility. The actual footprint of a wind turbine is small and only covers 3 to 4 per cent of a wind farm’s overall land area, allowing farmers to continue with existing agricultural operations.

I’d now like to provide you with some important facts about the cost of wind energy. This issue tends to be contentious and some people have blamed wind energy for increasing power costs in Ontario. In reality, the Environmental Commissioner for Ontario recently stated that renewable energy costs were responsible for 1.5 per cent of the total cost you pay for electricity today. That's about $1.50 a month on an average residential electricity bill in Ontario—about the price of a Tim Horton's coffee.

Why the misconception?

It is generally a result of people comparing the cost of adding wind energy to our grid today to the cost of energy from plants built decades ago. We are paying more for all new sources of energy, whether it is wind energy or not. The result is that electricity prices are increasing all across North America, just like they are here in Ontario. In addition, utilities and decision makers understand that major investments also need to be made to upgrade old transmission infrastructure, regardless of what type of electricity is generated, and this is also increasing costs.

As an analogy, think of an old furnace that no longer runs efficiently. I can speak from personal experience on this because I had one in my basement. You can continue paying higher gas bills due to an inefficiently running furnace. You can continue paying to have it repaired. Or you can invest in upgrading to a higher efficiency furnace now, thereby lowering your gas consumption, creating less pollution, and eliminating repair bills. Either way, your costs will increase. But the new furnace has longer-term benefits that the repair job fails to realize. In the short term, you may opt to pay off the investment in the new furnace over the course of several billing cycles, driving up the total on each bill. But over a period of time, the investment pays itself off.

Decision makers recognize that major investments in new electricity production and infrastructure must consider several costs: initial costs, environmental costs and lifecycle costs. There are also external costs that must be considered, such as health-related costs due to pollution and safety-related costs. Wind energy compares extremely favourably with any new-generation technology in all of these areas.

So I think the questions we should be asking are:

"How much will wind electricity cost compared to other forms of new electricity? What are our best long-term options for the future?"

We can look at recent contracts for various types of power plants. Just last year in British Columbia, a competitive tendering process saw some wind-energy projects awarded contracts at a lower price than that given to some run-of-river hydroelectric projects. Quebec, Ontario and British Columbia recently awarded contracts to small hydro plants for 12 cents per kWh. New natural-gas-fired electricity costs more than 11 cents per kWh. And electricity generated from a new nuclear facility (built on budget) would cost around 15 cents per kWh. For some forms of generation, like coal and natural gas, we can expect a price on carbon to drive up costs down the road.

Even without that, many of the recently built wind farms in Ontario were awarded contracts through a competitive tendering process where wind-energy projects agreed to produce power more cheaply than natural-gas facilities awarded contracts at the same time. In this context, the new price for wind-energy projects in Ontario of 13.5 cents per kWh is clearly competitive and a reasonable investment. In reality, utilities around the world are investing in wind energy precisely because it has already demonstrated it can be cost competitive with a number of technologies.

We owe it to our ratepayers to provide them with value. Wind energy provides them with that value from several perspectives. Wind energy provides value in the form of jobs, economic benefits, environmental benefits and cost effectiveness. It also provides value in the form of safety.

In Ontario, wind energy is helping to phase out coal-fired electricity generation, one of the leading causes of greenhouse gas emissions and air pollution in North America.

Yes, wind energy is variable, but with improvements in forecasting, and with back-up generation already being provided by Ontario's existing reserve capacity, wind energy is reliable. This reserve capacity is required in the electricity system in the event of operating problems from all types of electricity-generating facilities. That will continue to be adequate for wind energy until we get to significantly higher levels of penetration than we have today.

I am often asked if wind energy can be a reliable source of energy. While wind is variable, most wind turbines are producing at least some energy 75 to 80 per cent of the time, and they are available to produce energy more than 95 per cent of the time. In fact, during the recent tragedy in Japan, all of Japan's wind turbines in the affected areas, including some just offshore that were even hit by the tsunami, remained operational and have been producing power to help Japan address its numerous challenges.

Any portfolio manager will tell you not to put all of your eggs in one basket. That goes for the electricity system as well. Building a safe, reliable electricity system requires diversifying our energy mix. The current level of wind penetration in Canada—around 2 per cent—must and can grow to 20 per cent to have a truly diversified portfolio—an energy portfolio that is safe, clean, reliable, affordable, economically beneficial and most importantly, sustainable.

So how do we make it happen? How do we ensure wind-energy growth to 20 per cent of Canada's energy mix?

First, the wind-energy industry needs to work harder to earn broad community support for wind-energy projects. That is imperative for success. We have seen that wind-energy projects can generate passionate discussion and debate in some communities and relatively little in others.

I welcome this dialogue. It tells me that wind energy is becoming mainstream. The wind-energy industry needs to recognize that every community is different, that engagement must occur early and often, and that community concerns must be identified, understood and responded to with fact-based information. We must also do a better job of educating potential host communities about the benefits wind energy will bring.

To support our industry in meeting those objectives, CanWEA released earlier this year a set of comprehensive Best Practices for Community Engagement and Public Consultation. These were developed with the direct input of municipal leaders from across the country and all parts of this province. Our objective is, and must be, continuous improvement in all aspects of our interactions with host communities and local governments.

Second, capturing this opportunity will also require action by government. There's a simple quote that I love by Mahatma Gandhi, a well-known agent of change. He said: "Action expresses priorities." Ontario has created a solid foundation and taken great strides to position itself as a renewable energy leader and a competitive destination for global wind-energy investment.

Maintaining this position requires, first and foremost, policy stability. We must respect existing contracts, rules and processes. We must continue to proceed with the contracting of new wind-energy projects and the construction of necessary transmission upgrades. We must also continue to establish aggressive long-term targets for wind-energy development.

Can and will policies change and evolve over time? Certainly. But Ontario and the rest of Canada must remember that investors are looking for policy stability. Dramatic policy changes or making energy policy a political football introduces uncertainty and increases risk.

This will make Canada a less attractive destination for investment. In reality, increased policy uncertainty here in Canada will not result in less investment and fewer jobs in the wind-energy industry, but it will result in less investment and fewer jobs in wind energy here in Canada. If Canada does not maintain a stable policy framework, I can guarantee you that wind-energy jobs and dollars will go elsewhere.

I think this brings us back to where we started today. I've told you that I committed my career focus to the wind-energy industry because I want to contribute to a cleaner environment. I am staying in the wind-energy industry because of what we can build here; the tremendous jobs and economic growth we can create for Ontario and the rest of Canada that could truly make us a clean-energy superpower.

Remember the numbers I asked you to think about?

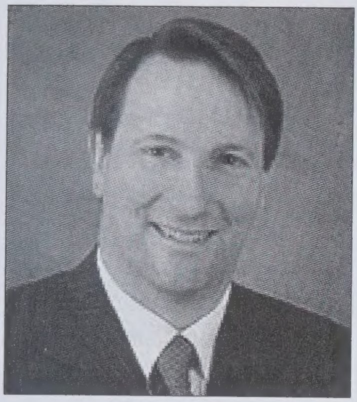
- 20 per cent of Canada's electricity produced by wind
- $100 billion in private-sector investment across Canada
- $50 billion of that investment staying here in Canada
- 50,000 jobs

I am convinced that by keeping the facts about wind energy at the forefront, we can achieve these tremendous economic benefits and be a world leader in wind-energy development. We can do it by working in partnership with municipal governments and local residents to help communities throughout Ontario and the rest of Canada reap the benefits of wind energy.

That will also help all of our future generations breathe cleaner air as well; you, your children and of course Leo.

Thank you.

The appreciation of the meeting was expressed by Noble Chummar, Partner, Cassels Brock and Blackwell LLP, and Director, The Empire Club of Canada.



April 27, 2011

Louis Vachon

President and CEO, National Bank Financial Group

CANADIAN FINANCIAL SERVICES LANDSCAPE: KEY CHALLENGES AND OPPORTUNITIES

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Verity Craig, Managing Director, CV Management, and Incoming President, The Empire Club of Canada; Ellie Clitheroe, Reverend and Captain; Mark Soberman, Student, Toronto French School; David Woollcombe, Partner, McCarthy Tetrault; Terry Campbell, President and CEO, Canadian Bankers Association; Cam di Prata, Executive Vice-President, Managing Director and Head for Corporate and Investment Banking, National Bank Financial, and Director, The Empire Club of Canada; Barry Gordon, President and CEO, First Asset Capital Corporation; and Marc-André Blanchard, Chair and CEO, McCarthy Tetrault LLP.

Introduction by Tim Reid

As President and Chief Executive Officer of National Bank Financial Group, a position he has held since June 2007, Louis Vachon is responsible for the strategies, orientations and development of the group and its subsidiaries. He is supported by a team of senior officers who with Mr. Vachon make up the Office of the President. At the time of his appointment, Mr. Vachon was Chief Operating Officer, a position he had held since July 2006.

From January 2005 to July 2006, Louis Vachon was Chairman of the Board of National Bank Financial Group and of Natcan Investment Management. He also served as Chief Executive Officer of National Bank Financial.

Mr. Vachon began his career in 1986 at Levesque Beaubien. From 1990 to 1996, he worked for Bankers Trust, where he served, among other things, as President and Chief Executive Officer of its Canadian subsidiary, BT Bank of Canada. Mr. Vachon rejoined the bank in 1996 as President and Chief Executive Officer of Innocap Investment Management. A year later, he was appointed Senior Vice-President, Treasury and Financial Markets.

Louis serves as Chairman of the Board of Governors of the University of Montreal and Co-President of the major fundraising campaign of a Quebec hospital foundation.

Mr. Vachon holds a Master's degree in International Finance from The Fletcher School (a Tufts and Harvard University cooperative graduate program), and a BA in Economics from Bates College. He is also a Chartered Financial Analyst.

In 2002, Mr. Vachon was named one of Canada's Top 40 Under 40.

Please join me in welcoming Louis Vachon to the stage.

Louis Vachon

Good day everyone. I want to start by thanking the Empire Club for providing me with this opportunity to be back here in Toronto. This is the city where my kids were born. My wife and I enjoyed it pretty much while I worked here for several years.

I'm also proud to say that National Bank has been a key engine of economic growth in the GTA and many Ontario communities for over 100 years.

Today, we are still growing all of our activities in the province, be it Personal and Commercial banking, Wealth Management or Financial Markets operations.

Last year, we again clearly set out our ambitions here by launching a new state-of-the-art trading floor.

But, today, my goal is to talk about how we, at National Bank, view the Canadian financial services landscape.

I believe that now is a great time to be working in Canada's banking industry. It is ranked as the world's soundest by many global organizations. And its strength is rooted in sound financial metrics.

Since 2008, the return on equity (ROE) earned by Canadian banks has outpaced that of the U.S., U.K. and Euro Zone banks. Not surprisingly, Canadian banking shares have performed well on an absolute and relative basis vis-à-vis their global counterparts.

The sector's strong performance is due to several factors:

- Canadian banks, and Canadians in general, are traditionally sound risk managers.
- Canada's growing and diversified economy provides banks with a strong and relatively secure client base.
- Canada benefits from a responsible banking regulation regime. This is due, in part, to frank and constructive dialogue between regulators and the industry.

So should we take this enviable situation for granted? I would say no.

Can we do better? Certainly, yes.

I believe that there are four things that we can do.

The first is to Stay Grounded.

Despite Canada's strong financial-sector performance, we are not invulnerable to international economic shocks.

Global imbalances stemming from large trade surpluses in emerging economies and many oil-producing countries, which have built massive excess liquidities, continue to pose a threat to global stability.

These massive excess liquidities are not new. They began to build up early in the past decade and were channelled to a large extent into developed world real estate and financial markets.

The result? We all know the story. It is massive wealth destruction through financial defaults, and a plunge in residential property values.

Massive savings are a plus when invested in productive capacity.

However, instead of investing their trade surplus earnings in productive capacity, many nations, such as China, are using the excess liquidity to buy sovereign debt in the developed world, where these debt levels are growing at a frenetic pace. If we are not careful, the next major global financial crisis could well come from a major crisis in the sovereign debt.

If we learnt anything during the 2008 financial crisis, it is how interconnected markets are and that Canada is far from immune to future occurrences.

So what can we do to prepare ourselves?

The first step should be to work hard to keep our public finances in order. Our enviable fiscal position proved to be an invaluable national asset in past years. Let's keep it as a priority, particularly at the provincial level.

We also need to make sure that Canada's private-sector finances remain strong.

Yet while business-sector financial ratios are better than they have ever been, households are another story. The Canadian household debt is now at 148 per cent of disposable income, rising above the U.S. ratio for the first time since the late 1990s. Furthermore, household debt level increasing at multiple times nominal GDP growth, and over many years, may become a major problem.

There are many causes for this rising debt level. Low interest rates and an expansionary monetary policy have incited Canadians to borrow more and been almost too successful in stimulating demand for housing and durable goods.

In this respect maybe we should learn from other countries. The situation in the U.K. and U.S. markets is well documented, so there is no need for me to go into much detail.

However, we need to be careful about not making the same mistakes. In that matter, we fully support the measures put forward by Ottawa to slow debt increases. Increased awareness by the central bank, the Canadian government and others, of Canada's increasing household debt is a good thing.

Our financial system has long been grounded in sound fundamentals. We need to keep it that way.

Another step that we Canadians can take to make our financial system stronger is to Think Small. To some of you this may seem counter-intuitive. At a time when global financial sector players are getting bigger, why would Canada want to buck the trend and "think small"?

There are several reasons:

- The recent debt crisis demonstrated clearly that having many strong, though smaller, financial institutions may be better for an economy, than just having a few "national champions."
- Large global financial-sector players are now so interconnected, that many are "too big to fail." During the recent financial crisis, this aroused considerable public fury in many countries when the public was forced to bail out many of them.
- Encouraging entrepreneurship is a big plus for almost any country in any industry. Entrepreneurship is a source of innovation and a spawning ground for new leaders. It fosters more competition and forces bigger businesses to be better.

That said, the Canadian financial system is quite static. For instance, did you know that the average age of financial firms on the S&P/TSX Financials Index is almost 100 years?

During the past decade, entrepreneurship and innovation were not distinctive factors in Canadian financial services. Over that period, newcomers in the mutual-funds sector accounted for only 3 per cent of assets under management. In the brokerage industry, small retail brokers' share of total industry revenue fell from 10 per cent in the first part of the past decade to about 7–8 per cent right now.

Canada's trading sector's record is not much better. Canada is among the world largest grain, oilseeds, metal products and oil and gas producers. Yet with the exception of Richardson in the grain business, we have few world-class trading houses for these commodities. Canada also has far too few high-frequency traders and absolute-returns managers.

My point is not that we don't have entrepreneurial success stories in the Canadian financial industry. My point is we need more of them.

There are a number of possible reasons for this entrepreneurial gap:

- Regulatory and compliance costs here are a far higher burden for smaller firms on a relative basis.
- There was a flight to perceived quality by many investors stemming from the financial crisis coupled with the recent financial scandals.

So why should the National Bank care about smaller companies in the financial sector?

- Firstly, I am strongly convinced that our financial system would be healthier if we had more small and mid-cap financial services players.
- Secondly, they are clients and potential clients of the bank. For instance, the bank provides many of these smaller financial-sector players with brokerage services through the National Bank Correspondents Network. We also distribute products such as those of Front Street Capital, First Asset and others.

- Finally, having smaller financial-sector players around provides us with other avenues for growth through acquisitions or joint ventures.

Of course, fostering financial entrepreneurship is not easy. One useful way to start could be by asking entrepreneurs what they need. Among the questions that could be asked:

- Should we adopt a more tiered risk-based regulatory regime, recognizing that one size cannot fit all?
- Should we remove the structural bias against outsourcing in the financial industry (stemming from the GST) by exempting providers of specialized products and services?

Another way to help smaller financial institutions would be to restore confidence in the global financial system, because these companies are the most hurt by the current "flight to (perceived) quality" towards larger institutions. In short, if we truly believe in entrepreneurship, we all need to take action.

For example at National Bank, we provide new players with access to our front and back office platforms through our Correspondent Network. We also invest in the capital of new specialized ventures such as Alpha-pro, and are allowing some of our former employees to use their track records at the bank when they start their new firms. This was the case for instance with Hamilton Capital.

The third step we can take to make our financial system stronger is to Think Canada First. It is by prioritizing Canada's and its financial sector's interests both domestically and in international policy forums such as the G8 and the G20.

One example occurred in the recent round of discussions about how to achieve a less crisis-prone financial system.

For many years Canada has been very strict regarding the application of internationally agreed bank capital regulations. However at a time when some governments might be seen as overreacting to the recent financial crisis, Canada is playing a different role. This was evident in Canada's opposition to proposals to implement a punitive tax on banks. Canadian officials should be congratulated for objecting to attempts to punish its financial industry for the mistakes of others.

Another way that Canada can show support for the country's financial sector would be to fine-tune regulations to make it a safe harbour for financial enterprises that are unable to conduct certain trading, hedge fund and other activities in their home countries. The idea is not to set up a regulatory haven for foreign institutions, but merely to apply the same treatment to foreign financiers that Canadian companies get.

The G20 reforms regarding over-the-counter derivatives trading provide another good opportunity to reassert Canadian interests. The global movement to channel derivative trading through central counterparty clearing houses presents enormous advantages. Under such a system, clearing houses will become counterparties to all transactions. That means offsetting positions can be netted out, which reduces balance-sheet impacts and lowers capital requirements. Furthermore, because clearing houses continuously "mark to market" each position, they can identify participants that are potentially at risk, and act accordingly in real time. If a participant defaults, the clearing house's collective resources could support the system. If that were not enough, central banks could step in.

Though such a system may not have prevented the 2007 financial crisis, the devastation would clearly have been better contained.

A Canadian central counterparty clearing solution for REPOs should be fully operational within the next 12 months at the Montreal-based Canadian Derivatives Clearing Corporation (CDCC). That said, providing a Canadian-based central counterparty clearing solution for other derivatives, such as currency and interest rate swaps, would be more of a challenge.

Foreign financial institutions are the dominant players in these markets, so business is to a large extent booked outside Canada. Furthermore, implementing a Canadian currency and interest-rate-swap trading solution would likely take between three and four years—too long to meet the 2012 G20 deadline. That said we do need a local solution for currency and interest-rate-swap trading that would be supervised in Canada—not in the U.S. or in U.K., where regulatory systems have miserably failed.

Needless to say, private-club initiatives sponsored by the same global banks, whose behaviour recently brought the global financial system to its knees, should be strongly resisted. A Canadian solution would make room for a larger number of participants, especially from the buy side such as pension funds. Collateral money could be "ring-fenced" and used only to cover Canadian dollar trades.

So what can be done to increase the likelihood of a Canadian currency and interest-rate-swap trading solution?

There needs to be a strong commitment from Canadian financial institutions, buy-side players and the authorities that a Canadian solution is needed to maintain the integrity of our financial system. In practice this means giving the project high priority and committing to incurring short-term costs, in exchange for long-term gains.

One of these gains would be the setting up of a comprehensive integrated architecture for derivative trading. This architecture would be comprised of existing products in the CDCC, new exchange-traded contracts and central counterparty clearing for REPOs, foreign exchange and interest rates. Each new piece would reinforce the whole.

Canadian banks have greatly benefitted in the past few years from the country's well-deserved reputation in financial markets and on the international stage. Let's continue to protect our collective interests there.

The final thing that we need to do to make our financial system stronger is to Work Together. The good news is that this is an achievable goal. Canadian industry groups, including financial services, have a long history of working together.

For example, the Canadian payment system was originally put into place by the Canadian Bankers Association. More recently, there has been a continuous cooperative effort between industry, the Bank of Canada and others to alleviate the consequences of the financial crisis.

One highlight of this cooperation was the successful restructuring of the asset-backed commercial paper market.

Today there is something new in the landscape: cooperation among industry groups to promote Canadian financial centres.

In Toronto and in Montreal, stakeholders from industry and government are joining forces to put forward initiatives that would be beneficial to everyone. In a global market, promoting a regional or national marketplace is not and should not be a zero-sum game: the Big Bang's reinvigoration of London and the U.K. is a good example. As a result, Montreal and Toronto's initiatives to get more global business should be seen as complementary. Both cities want to export their know-how and to entice foreign businesses to do business here. A stronger industry, locally and nationally, would be beneficial to all.

To summarize, Canadian financial institutions have shown great resilience in recent years. They have provided a pillar of support for the country's economy during tough times (as opposed to a drag on it as they have in other jurisdictions). But we mustn't take this for granted.

They say that history does not repeat itself, but rather that it rhymes. If that is true, it means that although the challenges and opportunities that tomorrow brings may be similar to those we have already seen, they will also differ in many ways. That means we need to adjust to be ready to face them.

Thank you for your time.

The appreciation of the meeting was expressed by Marc-André Blanchard, Chair and CEO, McCarthy Tetrault LLP.

May 10, 2011

Karim Rajwani

Vice-President and Chief Anti-Money Laundering Officer, Global AML Compliance, RBC

MONEY LAUNDERING AND TERRORISM FINANCING IN CANADA

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Anetta Jewell, Partner, Great Lakes Brewery, and Director, The Empire Club of Canada; Rev. Canon Kim Beard, Incumbent, St. Paul's-on-the-Hill Anglican Church, Pickering; Zeea Hassan, Recent Graduate, Queen's University, and Co-Founder, The Quo; Jim Ardnts, Head, AML Financial Intelligence Unit, RBC; Joe Audino, Senior Relationship Manager, Dow Jones; John Walker, President and CEO, Transition Plus Sustainability Solutions, and Director, The Empire Club of Canada; Caitlin Riddolls, Director, Global AML Program Development and Governance, RBC; and Deborah Taub, Director, AML Compliance, Canadian Business Lines, RBC.

Introduction by Tim Reid

Mr. Rajwani is currently the Chief Anti-Money Laundering Officer for RBC Financial Group (RBC), responsible for leading RBC's Global AML program, which encompasses anti-money laundering, anti-terrorism, economic sanctions, anti-bribery, anti-corruption, and client risk-management initiatives. Drawing on more than 20 years of risk-management, compliance and financial-accounting experience, Mr. Rajwani is a leading authority on anti-money laundering and counter-terrorist financing matters both domestically and internationally and speaks frequently on these matters in banking, legal, compliance and academic platforms.

Mr. Rajwani is an appointed member of the Advisory Council on National Security to the Office of the Prime Minister of Canada on issues of national security and is also Co-Chair of the Association of Certified Anti Money Laundering Specialists (ACAMS) Canada Chapter.

Mr. Rajwani has overseen the development and implementation of RBC's AML/CTF program from its inception. As Chief Anti-Money Laundering Officer of Canada's largest bank, Mr. Rajwani's has led RBC's development and implementation of numerous AML solutions covering offices in 53 countries and clients across retail-banking, wealth-management, insurance, corporate and investment-banking platforms. Prior to taking on his current role with RBC, Mr. Rajwani held various management positions focused on risk management, internal controls, operational risk and IT development. In addition to his risk-management experience, Mr. Rajwani has worked for various financial institutions, chartered-accounting and management-consulting firms overseeing the implementation of enterprise-wide risk-management and compliance initiatives.

Mr. Rajwani has a double honours degree in Accounting and Finance and is a member of the Institute of Chartered Accountants in Canada, England and Wales.

Karim Rajwani

I would like to first begin by thanking the Empire Club for this opportunity to address such distinguished guests. It is truly an honour to be invited to present by such a prestigious organization.

Today I would like to speak to you on the subject of Money Laundering and Terrorist Financing in Canada. I hope to share with you some insight into the current challenges facing Canadian society in combating money laundering and terrorist financing and the role that financial institutions have come to play in this regard. The nature of money laundering and terrorism financing has continued to evolve over the past decade, both domestically and internationally and Canadian financial institutions have had to adapt accordingly.

Before I delve further into this subject, let me share some background on money laundering and terrorism financing. While there are a number of anti-money laundering professionals in the audience, I think it is important to set a level playing field.

Put simply, money laundering is the process by which the proceeds of crime are disguised and given the appearance of being legitimately derived funds. By concealing the money's illicit origins, the criminal is then free to use the funds both to support their lifestyle and to fund further criminal activity.

Ironically, the biggest problem many criminals have is that they simply have too much cash. While this may seem strange to most of us, having millions, in fact tens of millions, of dollars does have its problems, namely you need a place to store it. You also generally need to get it into the financial system if you want to move it around it without transporting large volumes of physical cash. As a criminal, you also generally want to avoid getting noticed, and spending this much cash can attract some undesired attention, particularly if you don't have a good explanation for where it came from.

It is important to remember that crime is a business. Career criminals, at least the successful ones, are profit-oriented, financially savvy individuals; they want to invest their cash and have access to it for—let's call them "business opportunities"—as they arise. In order to continue to operate, they need to make the source of funds appear to be legitimate. That's where the often complex process of laundering the funds comes into play.

And at some point along the way, as a gateway to the international financial system, a bank product or service of some sort is generally abused by the money launderer. Like any other business, organized crime needs banking facilities; they need to deposit their "earnings," pay their "employees" and their "suppliers," just like everybody else. The key difference is these organizations profit from the death, misery, victimization, and suffering of others. To keep the cycle going and stay in business, it is critical that criminals have sophisticated processes and operations to continually launder their funds.

So how do criminals launder money?

The methods to launder money and the schemes being used are becoming increasingly sophisticated and complicated as technology advances. However there are three key stages that money launderers typically follow to transform "dirty money" into "clean money."

The first challenge is getting the illegal profits into the financial system. This is often referred to as "placement." This might be done by breaking up large amounts of cash into less conspicuous smaller sums that are then deposited directly into a bank account over a period of time, or even into a number of different bank accounts at different institutions, to avoid raising suspicion. Sometimes proceeds of crime enter the financial system through the purchase of a series of monetary instruments such as cheques and money orders purchased from one financial institution, which are then collected and deposited into accounts at another institution. While people tend to ask a lot of questions about cash, generally cheques or money orders issued by a reputable bank give the funds the appearance of legitimacy and they may not raise as many questions. It's also easier to make monetary instruments look like business receipts, which enhances the appearance of legitimacy and which makes it easier to continue to launder funds as well as making it more difficult to identify.

Once the funds have successfully entered the financial system, the next challenge is to "layer" the funds. In this phase, the launderer engages in a series of conversions or movements of the funds to distance them from their source and obscure the trail. The funds might revolve through the purchase and sale of investment instruments, or the launderer might simply wire the funds through a series of accounts at various banks across the globe. In some instances, the launderer might disguise the transfers as payments for goods or services.

If the criminal can successfully process the illegitimate profits through the first two phases, and feels the criminal origins of the funds are suitably obscured, he or she can then move on to the third stage and reap the rewards of their criminal activities. The integration stage is accomplished when funds re-enter the legitimate economy, which may take the form of real estate investments, purchase of luxury assets, or even business ventures.

Terrorist financing has a slightly different challenge from money laundering, although similar processes are employed.

At its most basic, terrorist financing is the act of providing funds for terrorist activity. Just as criminals require financing to perpetuate their illicit activities, terrorists also need access to funds to carry out their work. In this respect, the financial system is equally vulnerable to abuse by terrorist financiers as it is to criminals. To be successful and sustain ongoing activities, a terrorist organization must not only obtain funding, but it must obscure the links between those funds and the activities they support, and it must ensure that the funds are available to whomever requires them, as needed, to prepare for and to commit acts of terrorism.

Increasingly we are seeing a convergence of criminal activity and terrorism financing. Fraud for profit and fraud for motive are virtually indistinguishable. Terrorist groups often rely upon revenue-generating enterprises to finance their activities, which may involve both legal and criminal activities. They are increasingly using smuggling, fraud, and narcotics trafficking activities in order to generate funds, which then must be laundered back through the financial system before they can be used, obviously in such a way as to avoid drawing the attention of the authorities.

While some terrorist organizations have historically used criminal activities to fund their causes, to others it is a relatively new concept. Prior to 9/11, terrorist funding for organizations such as Al Qaeda depended in a large part upon sizeable donations (often using charities) from states and wealthy individuals that sympathized with the cause. As international measures to track the flow of funds have improved, and as international pressure and attention has increased, organizations such as Al Qaeda have sought other forms of financing. Furthermore, as the leadership of Al Qaeda has been slowly dismantled, it has transformed itself from an organization to an ideology, resulting in the formation of smaller groups that are loosely tied to or affiliated to Al Qaeda across the world. These are often referred to as homegrown cells, where individuals are radicalized often via the Internet and religious centres. Such groups need funding—not a lot—but they still need funding. Increasingly such funding comes from criminal activity, such as credit-card and other fraud, as well as narcotic trafficking.

From a financial institution's perspective, all such activity can look the same as typical banking activity. For example the cost of 9/11 is thought to be under $500,000, the Madrid bombing $200,000 and the 7/7 London bombings only $1,000.

But is this really a problem for Canada? Unfortunately it is a major problem.

In Canada, money laundering is a multi-billion-dollar problem. It is a fundamental underpinning of organized criminal activity that facilitates the flow of drugs into our schools, incites violence in our cities, and negatively impacts our country's economic growth. Every minute of every day, the proceeds of drug trafficking, contraband goods, trafficking in humans, extortion, fraud and many other crimes are transformed into apparently legitimately earned funds to support drug dealers, terrorist organizations, and other criminals in their efforts to amass wealth, expand their criminal empires, and perpetrate acts of terror. It is a very sobering reality.

Canada has long been recognized as a country that on average offers a high standard of living and good quality of life. And increasingly, criminals are choosing our country as an attractive place to live and work.

Some of the reasons behind this could be our unique geographic characteristics—the hundreds of kilometres of ports and open shorelines on either coast, or the immense, largely unprotected border with our neighbour to the south; these characteristics make us a very attractive transhipment point for a number of illicit products and services. Our proximity to one of the largest economies in world, which happens to also be one of the largest drug consumers in the world, is a major contributing factor. Another factor often raised is the perception in Canada that financial crime is not considered to have victims and that we have had historically lower sentences, and some would argue much lower prosecution rates.

Unfortunately due to some of these reasons Canada has become a destination of choice.

Canada continues to face a growing problem with organized criminal activity. I'd like to share a few examples of the top profit-generating crimes in Canada today and some alarming trends.

Canada is now considered a criminal microcosm of global organized crime as most major criminal organizations in the world are active in Canada. In large part that is due to our role in the lucrative global drug trade—as an importer, manufacturer, transhipment point, and exporter.

Drug Trafficking

The UN Office on Drugs and Crime publishes the World Drug Report every two years tracking trends in the proliferation, manufacture, export, use and abuse of illicit drugs around the world.

- In 2007, the UN found that Canada led the industrialized world in marijuana use, at least when calculated as a percentage of population.
- In 2009, Canada was identified as the leading supplier of ecstasy in North America, as well as a major producer and shipper of methamphetamines for markets around the world.
- Canadian-based trade in methamphetamine has grown so much since 2003 that by 2007, 83 per cent of all methamphetamine seized in Australia came from Canada. In Japan, the figure was 62 per cent.

There are two major ways to get drugs into the U.S. The first is across the Mexican border, which as you know is receiving a lot of attention, and the second is via Canada. Direct shipment to the U.S. ports is becoming increasingly difficult as U.S. authorities continue to enhance monitoring of shipments and of their ports. Canada is therefore considered a less risky alternative.

The nature of organized crime is that large cartels want their own folks on the ground, whom they can trust. It is not something they can or want to outsource.

Given this, most major organized groups including the largest cartels have a presence in Canada and have done so for as long as Canada has been around as a country. Think about this fact: some global cartels earn tens of billions of dollars a year. The Fraser Institute estimates that Canada's GDP is estimated to be 2–3-per-cent lower than what it should be due to the underground economy. We have the full range of organized criminal gangs, from the importers to the distributers and re-sellers of drugs as well as groups focused on trafficking and other crimes. Increasingly large cartels are seeing the benefits of working together rather than fighting for turf as there is plenty of money for all. With millions—in fact billions—of dollars comes corruption, highly sophisticated organizations as well as armed gangs and, if left unchecked, we end up with what Mexico is dealing with.

There continues to be a growing influence of gangs in the Canadian narcotics industry—including outlaw motorcycle gangs in central Canada and gangs on the West coast linked to major international crime syndicates such as the Chinese Triads—which have become a major force in the U.S.-Canadian criminal traffic. Ecstasy, marijuana and people are smuggled south across the border while cocaine and guns are smuggled north, with cash going both ways as payment and profit.

In 2008, the Economist estimated that historically low-crime Canada had 950 major gangs, with Vancouver as the epicentre. This decade, the B.C. drug trade has spiked to a now-estimated $7 billion annually, bringing along with it a gang culture in which, a Vancouver police officer observed, "Handguns are as ubiquitous as cell phones."

And drugs are not the only criminal activity across our borders.

Human Trafficking

Perhaps even more shocking is Canada's role in the global human-trafficking trade. Human trafficking is now the second-largest organized crime worldwide, possibly tied to arms trafficking. It is estimated to be a $32-billion annual black-market industry, earning more than Google, Nike and Starbucks combined. Today, there are approximately 27 million people worldwide who are considered to be enslaved. Eighty per cent are women and 50 per cent are children.

According to the U.S. Department of State's 2008 Trafficking in Persons Report, Canada has been identified as a source, transit, and destination country for human trafficking. The RCMP estimates that 600–800 persons are trafficked into Canada annually, predominantly for sexual purposes. An additional 1,500 to 2,200 persons are trafficked through Canada into the United States. Trafficking victims are predominantly from Eastern Europe, Asia and Africa, according to both the U.S. and the UN reports.

Trafficking comes in all forms including workers forced through debt bondage to work for extremely low wages in poor living conditions, and individuals forced to work in the sex trade. While there is no reliable data on the number of persons trafficked within Canada, it is believed that aboriginal women are disproportionately affected for purposes of sexual exploitation. This is an area not well understood nor recognized as a problem, probably because it is too shocking to think about and we would probably not even recognize it when we see it. While it is an area not historically monitored by financial institutions, it is increasingly becoming an area of focus.

According to the Canadian Criminal Intelligence Service 2008 Strategic Intelligence Brief on "Organized Crime and Domestic Trafficking in Persons in Canada," girls as young as 12 are trafficked in Canada for sexual purposes; globally the age ranges from four upwards. Child trafficking and exploitation rings, spanning from Mexico through the United States and into Canada, have been identified and the profits from the sale of these children have also been found here in Canada.

So why is a banker coming here to speak with you today on this topic rather than law enforcement or CSIS?

Since the vast majority of criminals would not be in the "business" of crime if it were not for the tremendous profits to be made, it should not be surprising that there is a direct relationship between the profitability of the crime and its prevalence. A major objective of the battle against crime in Canada and internationally is, therefore, to break the cycle of laundering and reinvestment, and to deprive criminals of the profits from their illicit activities. For over a decade, financial institutions have been tasked with a very significant responsibility and accountability in combating money laundering and terrorist financing under Canadian legislation.

The bill to create the original Proceeds of Crime (Money Laundering) Act received Royal Assent on June 29, 2000. The act has since been amended several times, with possibly the most significant changes having occurred with the enactment of the Anti-Terrorism Act, which created the expanded Proceeds of Crime (Money Laundering) and Terrorist Financing Act on December 24, 2001. Under this legislation, financial-services providers, such as banks, due to their susceptibility to being used for money laundering or terrorist financing, are required to implement a variety of client-identification, record-keeping, monitoring and reporting requirements.

It is also important to note that Canada had to implement these legislative and regulatory changes in response to the Financial Action Task Force, to which Canada is a founding member. The Financial Action Task Force or FATF is an inter-governmental body created in 1989 whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing. The Task Force is therefore a "policy-making body" which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

FATF also monitors members' progress in implementing necessary measures, reviews money-laundering and terrorist-financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. In performing these activities, FATF collaborates with other international bodies involved in combating money laundering and the financing of terrorism.

In order to participate in the international financial community, Canada and its financial institutions have had to implement a robust AML regime to combat Money Laundering and Terrorist Financing.

It is also important to mention FINTRAC or The Financial Transaction and Reports Analysis Centre of Canada as it is a key player in the fight against money laundering and terrorist financing. FINTRAC is Canada's financial intelligence unit, which was created in 2000. It is an independent agency, reporting to the Minister of Finance, who is accountable to Parliament for the activities of the centre. It was established and operates within the ambit of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and its Regulations.

FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering, terrorist-activity financing and other threats to the security of Canada. The Centre fulfills its mandate through the following activities:

- gathering and analyzing information on suspect financial activities;
- ensuring those subject to the act comply with reporting, record keeping and other obligations;
- making case disclosures of financial intelligence to the appropriate agencies; and
- enhancing public awareness and understanding of matters related to money-laundering terrorist financing.

In 2007/2008 FINTRAC disclosed 210 cases to various agencies. These included 171 money laundering-related cases, 29 terrorism-financing cases and 10 cases with both money-laundering and terrorism-financing elements. In 2009/2010 FINTRAC this number jumped to 579 such disclosures.

Getting back to the banking industry, in 2000–2001, the major banks put together small teams of compliance professionals, typically lawyers and accountants, to review the laws and begin to build the necessary programs, systems and control frameworks to meet the requirements of the regulations. The bar continues to be raised, regulatory expectations have heightened, and every year our Anti-Money Laundering programs are enhanced and refined.

Over the past decade as our knowledge and understanding has improved and as regulatory expectations continue to rise, hundreds of millions of dollars have been spent across the Canadian financial-services industry to:

- change account-opening procedures and systems to capture the required client and transaction information;
- train our employees to identify activity and behaviours that are potentially indicative of money-laundering activity;
- invest in complex technologies to scan account holders on a daily basis and wire payments in real time against control lists to identify known terrorists and others subject to government sanctions;
- build systems and algorithms capable of identifying large cash and wire transactions for reporting to regulators;
- assess our operations, here and abroad, to identify potential money-laundering risks and establish policies, procedures, guidelines and risk-mitigation strategies to address these risks; and
- develop sophisticated transaction monitoring techniques that can identify unusual activity from the more than 200 million transactions we as a single bank process on a monthly basis here in Canada alone.

Now 10 years later, those small teams of lawyers and accountants have grown significantly to include a much more diverse range of skills than one would expect from a bank compliance group. Our expanded teams now number in the hundreds across the industry, and are sourced from all over the world. They include experienced individuals from a variety of law enforcement and intelligence agencies; computer programmers, data modellers and statisticians; anti-fraud strategists; corporate governance practitioners, and experienced bankers who understand the nuances of the hundreds of products and services offered through our institutions.

We work with linguists to calibrate our name-matching systems, with auditors to build our independent testing programs, and with corporate security to investigate potentially serious criminal activities. Our programs cover all financial-services lines of business from Capital Markets to Life Insurance, Credit Cards to Global Correspondent Banking, and we are obligated to stay on top of emerging trends and techniques in money-laundering and terrorism financing as they evolve and potentially impact each of our businesses.

Our data-intelligence analysts spend their days working though literally millions of bank machine, credit-card, and wire-payment transactions to find more and more complex money-laundering and terrorist financing patterns, trends and threats that we report to regulators and law enforcement through the established processes. Increasingly sophisticated analyses of financial transactions can reveal some startling but detailed pictures as the crimes unfold, which, when shared with the relevant authorities, work to support more and more apprehensions of criminals and potential terrorists.

In summary, the Canadian banking industry takes its anti-money-laundering and anti-terrorist-financing obligations very seriously, and we are committed to discharging our obligations in a responsible and effective manner as corporate citizens.

Terrorist financing and money laundering remain and will continue to be significant threats to our economy and our safety, so the financial sector will continue to enhance its abilities to deter criminals and terrorists from using our products and services. We will continue to detect and report any activities that raise suspicion, and continue to partner with our regulators and law enforcement agencies to unravel the complicated webs created by money launderers and terrorist financiers.

This completes my remarks on the subject. I would be pleased to answer any questions.

Thank you.

The appreciation of the meeting was expressed by Anetta Jewell, Partner, Great Lakes Brewery, and Director, The Empire Club of Canada.

May 12, 2011

Peter Gilgan

Founder and CEO, Mattamy Homes

GIMME SHELTER: BUILDING A HEALTHY SOCIETY

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Noble Chummar, Partner, CasselsBrock and Blackwell LLP, and Director, The Empire Club of Canada; Lindsey Reed, CEO, Social Housing Services Corporation; The Hon. David R. Peterson, Former Premier of Ontario, and Chairman, Cassels Brock and Blackwell LLP; Rob Burton, Mayor of Oakville; Christopher J. Potter, Partner, Tax Services, PwC; Kate Lyons, Partner, Goodmans, Publisher, and Director, The Empire Club of Canada; Daniel Sigurdsson, Student, Oakville-Trafalgar High School; Dr. Rev. Rick Tobias, President and CEO, Yonge Street Mission; Jennifer Tory, Regional President, Greater Toronto Region, RBC; Sharon Geraghty, Partner, Torys LLP; Frank Magliocco, Partner, Audit and Assurance Group, PwC; and David McKay, Head, Canadian Banking, RBC.

Introduction by Tim Reid

It is now my pleasure to introduce our keynote speaker for this afternoon.

Peter Gilgan is founder and CEO of Mattamy Homes, Canada's largest new home builder with over 50,000 homes built in more than

150 communities in Greater Toronto, Ottawa, Calgary and across the United States. Since the company built its first home in 1978, Mattamy's master-planned communities have become renowned for their unique designs and wide variety of architecture styles. Mattamy is a recognized leader in homeowner satisfaction by the prestigious J.D. Power and Associates.

One of Canada's most successful entrepreneurs, Mr. Gilgan, was awarded Canada's 2007 Entrepreneur of the Year, and Home Builder of the Year in the Greater Toronto Area three times in the last decade. In 2009, Mr. Gilgan was elected a Fellow of the Institute of Chartered Accountants of Ontario and in 2010 was awarded the Outstanding Business Leader of the Year award from Laurier's School of Business and Economics.

Mr. Gilgan's multi-million-dollar commitment to philanthropy and community building is unparalleled. From health care to physical activity to higher education and community legacies, he truly is a respected and dedicated community leader. From his legacy gift to establish the new YMCA in Oakville, to a significant multi-year donation to Sheridan College and the "Transforming Sheridan" Student Capital Campaign, Mr. Gilgan has been committed to building great communities through community investment and support.

For the past 10 years Mr. Gilgan has had a special relationship with the Oakville Hospital, first as a board member, then as a donor and most recently with the first $10-million pacesetting gift to launch the capital campaign to build the new Oakville hospital.

Please join me in welcoming Peter Gilgan to the stage.

Peter Gilgan

Ladies and gentlemen, distinguished head table, and members of the Empire Club, thank you for the kind invitation to speak to you today.

It is a pleasure to be here and see so many friends and business associates and community leaders in the audience.

I must say it is a bit daunting to be here before you all today to speak about a topic that is so very grand—"building a healthy and prosperous society." I mean I'm just a homebuilder from Oakville so what do I know about building society.

Let me start with a quick snapshot of the year 2031 (just 20 years from today). In fact here is a headline from the May 12, 2031, Toronto Star.

First, I will have to read it from my "i-berry 10" that newest mobile computing device in 2031.

"Former Toronto Mayor Rob Ford led the pack in the tenth annual Gardiner Bike Race held on the Gardiner Cyclepath network. The race is held each year to celebrate the anniversary of the last car on the expressway and the transformation to one of the world's longest integrated cycle paths in an urban city."

In 2031 the population in the city has grown to a 10-million-person metropolis stretching from Oshawa to Hamilton.

Gasoline costs $5 a litre but no one cares because the number of cars that require gasoline has been reduced by half and Toronto enjoys one of the most sophisticated, connected and complete public transit systems in the world.

Health-care spending as a percentage of GDP is the lowest level of any industrialized city in North America. Hospital visits are down 50 per cent and there are more people living past 100 than in the previous 100 years.

Student enrollment continues to climb. Universities and colleges in Canada have had the highest enrolment ever in history and we have more Nobel Laureates than any other western society.

So why am I telling you this? Is it as my grand-daughter Holly would say, "Papa that's a fairy tale"? Or some of you may be thinking that Gilgan has had a drink or two before lunch, but I believe that this could be true.

It could be true because this city has all the ingredients to be the healthiest and most prosperous city in the country, in North America.

It could be true because we have some of the most brilliant minds in the country who should be able to make it so.

It could be true because we owe it to Holly and all of your grandchildren and your grandchildren's children.

Today we not only have a responsibility but everyone in this room has an obligation to work together to get us there. It is not going to be just governments, or business or social groups. It will take hard work and lofty goals to get us there.

As noted writer and city builder Jane Jacobs said, "Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody."

Let me share with you a few ideas.

First, let's talk about population growth or lack of and immigration.

How are we going to continue to grow our population? As you know population growth = economic growth.

I'm a numbers guy, so here are some interesting figures. According to Statistics Canada, the GTA's population will hit nearly 6.3 million in 2011, growing to nearly 8 million by 2031 and immigrants will account for 50 per cent of that population in 2031.

I was recently in Washington with some other business executives and what was interesting to me is that they believe Canada has done remarkably well with respect to immigration policies and attracting the right people. They were quite impressed with the fact that so many new Canadians are significantly contributing to our economic growth and in fact, this probably served our country well in the economic downturn.

So what does that mean for our communities, our societies? What do we need to do differently to continue to attract and accommodate a diverse stream of population growth?

How can we encourage the brightest and best to come here first?

As a builder I can tell you what this means to me—more than one million housing units.

So yes, this make me very happy but it is not about building the same thing we have always built. We must continue to be innovative in the way we build homes, whether they are single family, multiple family, lowrise or highrise. We have to use land more efficiently whether it is downtown, uptown or in the suburbs. And, we have to respect the diverse communities we now have and there is no one size fits all.

Here is a quick example. Did you know that many folks in the Chinese community want two master bedrooms? Not just a big house with lots of bedrooms and space but two actual master bedrooms now. That's because many of the immigrant families want to have their parents live with them when they come to Canada and live with them forever.

But here's the by-product. Health experts will say the longer older people can stay in their own homes with community health care coming to them the better it will be on individuals' long-term health and also on the health-care system at large.

So how do we design homes today that will meet the needs of tomorrow's immigrant communities? What do they need, how do they live today and better still, how do they want to live tomorrow?

We will need to build up and out. It will mean densifying in urban areas so people can walk, cycle or use urban transit.

How do we balance soaring buildings with parks and green spaces?

Communities can be renewed as is happening on Ossington Street or Queen St. east and west, mixing condos with single-family homes, lofts, and work/live spaces.

I think it is interesting that two of my sons think they have "discovered" a great new hip place to live. One is in Parkdale and the other near the Junction in High Park. I had to break it to them that that is exactly where their grandparents had both grown up.

Some of these homes are an excellent example of densification. They were built 100 years ago to accommodate large families with plenty of rooms and then they were converted into apartments because they were so large. Now they are being converted back into single-family homes with a basement apartment for rent. It works. It wasn't designed that way but it has transformed over the years to become what is needed.

Here's an example of what we are doing in a community in Brampton to get the urban, walkable, accessibility. Our award-winning Mount Pleasant Village community is a renewed focus of community planning. Families have everything they need for an enjoyable lifestyle all within a five-minute walk—transportation, recreation, shopping, entertainment, parks and education. A main street also has live-work townhomes so residents can work from home and live right there.

Technology has given us freedom to work from home. Today more and more businesses are encouraging people to work from home, or telecommute to reduce travel expenses and real estate costs. With mobile devices, and video conferencing why do you need to go into the office?

Just last week at the Telus annual meeting, the CEO, Darren Entwhistle, remarked that it's their goal to have 70 per cent of their work force working on a mobile basis or from home.

But many new homes weren't designed for this. Yes, there might be a "den" or an extra bedroom that can be converted into an office but what if both adults are working from home. How do we design homes that accommodate two home offices so each can get great natural daylight and be healthy places to both work and live?

And, will this trend continue?

Our challenge is how to develop homes in the city and in the new communities surrounding the cities that will be the best homes to create this healthy and prosperous society. I'm not sure I have the answer yet.

In 20 years, health care has the potential to have a whole new meaning. We have two choices. We stay the course and we will probably be bankrupt or we can look at ways to prevent people from getting sick in the first place. This shift must occur to take care of health preventing illness rather than treating the sick.

The entire boomer generation will have turned 65.

Seniors will make up 25 per cent of the population—nearly double what it was in 2009 at 13.9 per cent.

The number of people over the age of 100 is projected to triple.

How do we shift the mindset and behaviours today and look for people to be more physically active and healthy? To build communities that encourage people to walk or bike or play incorporating sidewalks, trails, and parks.

Consider the new Bixi bike initiative in Toronto. Why did it take so long to get here? And why can't we do it in Mississauga or Markham?

I heard a great story the other day about children walking to school. I know I might be dating myself when I say I walked 10 miles to school. Okay so I didn't walk 10 miles but I walked 10 minutes.

Today only 28 per cent of kids who live between one and two kilometres from school walk to school. Their parents drop them off—sometimes for safety reasons, sometimes for work reasons. They drop them off on their way to work.

But here is an interesting fact. If your child walks to school they are twice as likely to achieve their daily physical activity than children who do not. We are worried about childhood obesity and too much screen time and something so easy as walking to school will improve their health.

Here's how a mom in Toronto decided to tackle it. She created a walking school bus. Yes, just like it sounds. She organized to walk and pick up children along the way.

They are safe because they are together. They get the exercise and it's fun. Sometimes the most simple innovation is the perfect idea—the walking school bus.

How do we encourage innovation? I believe that education is one of the single biggest factors. The way we are going to design and build a healthy prosperous society is to ensure more great curious minds are thinking about it. We need to ensure everyone has access to and is encouraged to attend colleges and universities for "purposeful" learning.

My friend Sheldon Levy, the President of Ryerson University, says that universities have a responsibility to not just be an educator but to also be proactive city builders for our economy, in wealth creation and jobs. And to do this by attracting and securing the world's best talent in areas where we have strength and the potential to compete on a global level.

We need to invest in education institutions so we can ensure our young people who are born here or are immigrating here have the best education possible to help create the innovation that will be required

That is not only investing in the bricks and mortar of the institutions but also in ensuring we have the brightest minds teaching our students.

We will have to:

- educate young people to create and design homes, buildings, cities of the future that will be livable and sustainable;
- create more opportunities for young people to get involved in health and wellness—prevention rather than illness; and
- be at the leading edge of technology to create the technological solutions of tomorrow that will ensure our communities are the healthiest and most prosperous.

These are my final thoughts. All of what I am talking about today is a shared responsibility.

Building a healthy and prosperous society is no one individual's or organization's responsibility; it must be shared by all.

It's about elected officials having the courage and energy to be innovative and create new partnerships and not always default to regulation.

It's about developers investing in innovation in design, in community building, in looking for better ways to build and plan communities even if it is more costly.

It's about educators creating purposeful learning and continuing to search for new ways to teach and engage.

It's about health-care providers looking at keeping people well instead of focusing on the sick.

It's about moms and hopefully dads too creating the next walking school bus.

I challenge everyone in this room to look at how they can work differently to create innovative solutions to make our society more healthy and prosperous in the future.

One last point. There was another article in the Star in 2031 that I want to share with you.

Headline—Ontario Premier Hazel McCallion celebrates in style at Maple Leaf's Stanley Cup victory party.

"At the historic Maple Leaf Gardens current Premier McCallion, who just turned 110 participated in a celebratory skate with members of the winning Toronto Maple Leafs and young community leaders to commemorate this historic victory."

Now isn't that a future we could all look forward to?

Thank you.

The appreciation of the meeting was expressed by Noble Chummar, Partner, CasselsBrock and Blackwell LLP, and Director, The Empire Club of Canada.

May 30, 2011

Danielle LaBossiere Parr

Executive Director, Entertainment Software Association of Canada

A DIGITAL ECONOMY: THE RISE OF THE VIDEO-GAME INDUSTRY IN CANADA

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Doug Morris, President, Morris Glass and Windows/Humidity Solutions, and Director, The Empire Club of Canada; Joan Ramsay, Canadian Sales Director, THQ; James Buchanan, Managing Partner, SECOR Group; Verity Craig, Managing Director, CV Management, and Director, The Empire Club of Canada; Delia Chen, Student, R.H. King Academy; Rev. Chris Miller, Reverend, Oriole-York Mills United Church; Michelle Liem, Director of Marketing, Disney Interactive Studio; and David Tait, Partner, SECOR Group.

Introduction by Tim Reid

It is now my pleasure to introduce our keynote speaker for this afternoon.

Danielle LaBossiere Parr is the Executive Director of the Entertainment Software Association of Canada and the chief spokesperson for the video-game industry in this country. Ms. Parr has worked for several years as a political aide in various provincial and federal governments, including the offices of two provincial premiers, two provincial cabinet ministers, and a federal party leader. In 2002, she was featured in Maclean's magazine as one of Canada's top 25 "Leaders of Tomorrow." This year, she was named by the Hill Times as one of the Top 100 Lobbyists on Parliament Hill. A Winnipeg native, she now lives in Toronto with her husband and son, with her second son right around the corner.

Please join me in welcoming Danielle Parr to the stage.

Danielle Parr

Good afternoon.

For a few weeks now, my colleagues have been hoping that I don't give birth sooner than anticipated so that we could go ahead with this speech. I think I have to thank my son-to-be for his patience and cooperation.

I'm thrilled to be here with you today to release new research about the Canadian video-game industry. The Entertainment Software Association of Canada is the trade association that represents some of the largest video-game companies in Canada, and we also conduct research about the whole industry to make sure that there is reliable and accurate data about the sector.

Before I begin, I'd like to mention two members of our board who are here today—Joan Ramsay from THQ and Michelle Liem from Disney Interactive Studios.

At first blush, it may seem a bit surprising that you are here at the Empire Club to hear a speech about video games. Usually when people think about video games, they often think about it in the context of what their kids are doing, what their friends are talking about or what their spouses are playing (instead of mowing the lawn or doing some other important task).

However, what people don't often realize is that video games are big business; and that Canada is particularly good at making video games.

Most importantly, they don't realize that the video-game industry is actually one of the fastest growing segments of the global economy. So, the fact that you are here at this recognized and respected forum to hear about Canada's video-game industry actually makes perfect sense; it is recognition of the changing nature of our economy and the importance that creative industries like ours are going to play in the future prosperity of our country.

The research we're unveiling today was conducted over the past few months by SECOR consulting in Toronto. It is definitely the most thorough and reliable research on this industry ever conducted in Canada. This report differs from other research done in this sector in the past in terms of its methodology and approach and may not be directly comparable to research that has been previously published.

I would like to commend the team at SECOR for their expert development and management of a survey that was sent to hundreds of small, medium and large-sized companies across Canada in order to gage the size and economic impact of the industry. This work will no doubt be used as a benchmark for other research in this sector in the future.

I'd like to extend a special thanks also to those in attendance today from our industry who participated in the consultation process and who contributed their input and expertise to this project.

People are often impressed when you tell them that some of the world's most successful and well-known video games have been developed in Canada. In fact it makes great cocktail party conversation to talk about the world-famous games or franchises like Assassin's Creed, Mass Effect, Homeworld, Need for Speed, Splinter Cell, NHL and FIFA soccer—to name just a few—that were developed here in the Great White North.

But what people find especially shocking is that Canada is home to one of the largest video-game industries in the world. In true Canadian fashion, their response is generally "Why?"—incredulous that Canada would have one of the most successful industries at anything other than maybe oil and gas, forestry or something similar—particularly an industry as cool and sexy as making video games.

There's a story behind the development of each of those successful franchises, and a broader story about the success of Canada as a destination to make these world-class video games. Today, with the help of the report's findings, I'd like to talk about the factors that have led to the rise of the Canadian video-game industry.

Before I do that, and for the benefit of those who are not familiar with the process, I'd like to tell you more about what goes into the making of video games that will be purchased, downloaded and enjoyed the world over.

Generally when people think of video games, they think of either arcade-style games, PC games or games that would be played on a dedicated game console. But the industry has evolved to also include games that can be played on everything from social networks like Facebook or on smart phones, in addition to consoles that are now connected to the Internet and of course computers that permit gamers to store and play their games in the "cloud."

The actual making of a video game is a major endeavour that involves developing technology and tools used to build the game, the writing of a compelling story-line and characters that will capture the imagination of gamers, and the technical and artistic expertise to translate a concept into a playable piece of software. There are middleware companies who develop the tools, developers who create the game, and publishers who traditionally finance the creation and bring the game to market. These are the broad general categories that game companies fall into, but there is an infinite variety of business models depending on the type of game you produce as well as the platform you produce it for. I'll talk about this in a bit more detail later.

Another fact that's often surprising is that the average age of gamers in Canada is 33 years old. This isn't just kids' stuff anymore. And there may be some closet gamers out there, as other research has shown that 47 per cent of Canadian households have at least one video-game console.

Now, let's delve into some of the report's key findings.

Growth and Regional Breakdown

Canada's video-game industry is conservatively estimated to be worth $1.7 billion to the Canadian economy. And it's growing. Over the past two years, despite an economic recession, it's grown by an estimated 11 per cent per year and it's expected to grow even more rapidly over the next two years at 17 per cent per year, well above projected growth rates in the economy overall. This is especially impressive when you consider that the market for Canadian-made games is global, and is certainly more dependent on the health of the world economy than just what is happening domestically here in Canada.

There are roughly 350 video-game companies from coast to coast, with a broad mix of companies of different sizes and with differing concentrations on particular game platforms. Although large companies account for 60 per cent of employment, the vast majority of companies in Canada average only 16 employees each.

Most video-game companies in Canada are clustered in three major areas: Vancouver, Toronto and Montreal. But there are, in fact, development studios right across the country, including places like Edmonton, London and St. Catharines, Ontario, Quebec City and even St. John's, Newfoundland.

The research reveals that Quebec has matured to be the dominant player in Canada. While only one-quarter of the total companies are located in Quebec, over half of the industry's jobs—or over 8,200—are there, with a high concentration of large companies in that province. The growth rate has been 13 per cent over the past two years, slightly above the overall Canadian level, but it is expected to converge with the national average over the next couple of years.

In Ontario, a different picture emerges. There are more companies in this province than in Quebec, but the provincial industry only has one-third of Quebec's industry mass, measured in terms of jobs and economic activity. Ontario is also experiencing more rapid growth than Quebec at 20 per cent over the last two years. This is likely due to the smaller average size of companies in Ontario that tend to exhibit faster growth than more established companies do. Companies in Ontario are also increasing their share of resources to mobile, social and casual games at a faster rate than Quebec.

B.C. is situated somewhere between Quebec and Ontario with respect to economic activity levels and number of employees. While a few rounds of layoffs have inhibited industry growth in B.C. over the past two years, our survey results indicate that there is some expectation for growth in the coming couple of years, especially as many former employees start up their own ventures. Plus they'll soon have a Stanley Cup!

There are a variety of factors that have played a role in creating this footprint. Some of it has happened organically, but in large part it is due to targeted efforts by regional governments to specifically attract and nurture the growth of the industry.

Earlier, I mentioned the diversity of platforms that companies are now developing for. By measuring the estimated resources that companies dedicated to each game platform, we've found that the Canadian industry remains heavily concentrated around traditional console game development and publishing, that's to say PC games or games for video-game consoles like the Playstation 3, or the Wii, or the Xbox 360. As an aside, you might be surprised to know that some of the technology for the new motion-sensing Microsoft Kinect was developed right here in Canada. And now it's the fastest selling consumer electronic device in history!

We're also seeing rapid growth in resources dedicated to social, mobile, casual and massively multiplayer online games. What I mean by that are games like iPhone games, or games you can play on Facebook. With a 39-per-cent penetration rate for smart phones in Canadian households and the trend towards low-cost apps for these and other portable devices, the market for casual/mobile games has exploded over the past few years.

However, companies don't necessarily develop for only one type of platform. The majority of firms are focusing their resources on a number of different platforms simultaneously reflecting the evolution in the industry towards newer markets. For example, companies may take an established intellectual property and make different versions, sometimes, even different episodes or experiences, and make them available to consumers on a wider variety of platforms. This extends the life of the IP, widens the market for it as well, and provides new and more diverse experiences for gamers.

For instance, EA has transported its Need for Speed franchise from the PC to consoles, and now it's also available on smart phones and the iPad.

It can cost almost 10 times more to develop a high-end console game for the mass market—or what we call a "Triple A" game—than some of the mobile and social games that are being developed not only at lower cost but in a fraction of the time. Development costs for traditional console games can be as much as $30 million, if not higher. What's more, a few bad reviews or high rates of piracy can severely limit the success of a major videogame title, which typically makes the majority of its revenues within the first few weeks on the market. But a successful Triple A title can still make hundreds of millions of dollars, as is the case for games like Call of Duty: Modern Warfare 2, which broke the $1-billion mark in sales not too long ago.

So while the risks can be very high, so can the returns.

But not every game achieves that level of success. The temptation is to assume that the future will be all about making cheaper less-intensive games. But not every mobile game can be as successful as Angry Birds, which was downloaded over 200 million times worldwide. For every successful game, there are hundreds of games that don't even get noticed. With the explosion of downloadable games that are now being created due to the lower barriers to entry, it has become very difficult to break through the fray and establish a loyal following.

All this to say that the video-game industry will continue to produce games for a variety of different platforms with an even bigger array of business models, including free to play, or ad-supported Web-based games, games that make money on additional downloadable content or micro-transactions or subscription-based games.

Findings—The People

Today, there are now approximately 16,000 people working in video games in Canada. It's estimated that another 11,000 are employed through indirect and induced activity. This makes Canada's video-game industry the world's third-largest after the U.S. and Japan or first in the world on a per-capita basis. We're clearly punching well above our weight here.

Why?

One of our advantages is that Canada is considered a "full-service" location for video-game production. This means that publishers have access to high-calibre facilities for game development, animation, interactive design, marketing, audio, acting and voice-over, motion capture and quality assurance and testing, in some cases all in the same city.

Motion capture, for those of you who aren't familiar with it, is a very cool technology where you place sensors all over an actor's body and then literally capture their movements so the video-game characters are as true to life as possible. Some of the same technology used in motion pictures is used—and in some cases has been used for some time—by the video-game industry. In fact, James Cameron worked closely with Ubisoft to develop technology used in games and his blockbuster Avatar. Now, Ubisoft has opened its own movie division to further the links between movies and games, something that's also been done by companies like Disney and Warner Brothers, to name a few.

Our business, like many other industries, is global in scope. We are making video games that will be sold and enjoyed all over the world. In fact, if we were only making games for the relatively small Canadian market, we'd be out of business pretty quickly. Not only is it a global business, but an incredibly competitive one at that. Many countries covet these types of jobs, particularly in an industry like ours which is showing continued prospects for growth.

By acting as a full-service hub for the creation and development of video games, Canada has built a strong reputation for quality. Our talent base has been nurtured over 20 years and a virtuous loop has been created. The development of commercially successful titles in Canada brings an influx of other studios or work to Canadian studios, which also increases the experience levels of staff as well as the number of developers, artists and senior managers in the country.

This is a critical factor. Talent is probably the most central aspect of Canada's success as a world-leader in video-game development. In industries that depend on intellectual property, your product is truly only as good as the people that are creating it, and the availability of talent is the most important factor cited as to why businesses would establish a game-development studio in a particular location.

So while the availability of new, well-trained young graduates is important, and in fact 60 per cent of Canadian gaming companies are expecting to hire new graduates this year—expected to increase to 77 per cent by 2013—without experienced talent to manage and execute projects, the industry cannot excel and continue to produce world-class games. Attracting and retaining these pools of qualified workers is one of the industry's toughest challenges in a competitive global environment. Competition is fierce and the pool of available experienced talent is still very small given that we're still a fairly young industry.

But we have another advantage in that educational programs in colleges and universities in Canada are generally considered to be producing well-trained graduates in approximately the right quantities to fill entry-level positions in the industry. For instance, CÉGEPs in Quebec have been helpful in training affordable quality assurance and testing support for game developers before they go on to further studies at the university level.

But as of yet, there are no standards for what ought to be taught in post-secondary programs, especially given the quick transitions and introduction cycles in the technology used to make and to play games.

One of the report's recommendations is that industry and educational institutions build greater collaborations to better prepare students for work in the fast-paced and evolving video-game industry. A few such initiatives are underway, notably "Eight: The Hamilton Institute for Interactive Digital Media" which is a partnership between Silicon Knights, McMaster University, the Art Gallery of Hamilton, and Mohawk College. A game-industry-focused MBA program that would help mid-to-senior level game company managers and executives is also an interesting idea worth exploring.

Canada definitely has an edge when it comes to talent. And in return, the presence of this talent is great news for Canada. It has measurable benefits for our economy and also for our cities.

Hiring young and well-paid workers has had an effect on the revitalization of some urban neighbourhoods in Canada. The Mile-End district in Montreal, Yaletown in Vancouver or the Junction here in Toronto, where Ubisoft has set up shop, have all felt positive economic effects with the influx of hip urbanites that live close to where they work.

The Canadian video-game industry provides high-paying, high-quality jobs in Canada. In 2011, the average salary for employees at Canadian companies is $62,000, which is almost twice as much as the Canadian median income of $29,000. These jobs are knowledge-intensive, team-oriented and fast-paced.

They are also typically held by workers that are younger than the Canadian average, which is one of the groups most affected by unemployment as a result of the economic recession.

The fact that video games are both creative and technical productions means that the industry helps develop a wide range of skills in technology, creative arts and management. This has applications in other industries including software development, film, TV and music production, interactive design, architecture, medicine and simulations, to name a few. Creating hybrid skills makes this industry quite valuable as it boosts our competitiveness in the digital economy in a wide swath of other Canadian sectors as well.

Drivers of Success

With this picture of the Canadian video-game industry in mind, you can see a sector that's come a long way since Distinctive Software, a Canadian pioneer in the video-game industry, was purchased by EA in 1991. Other major video-game studios were started in Canada and acquired by multinational companies, while others were built from the ground-up with domestic and foreign investment. While a large majority of the large companies are now fully integrated multinationals with presence in Europe, Asia and in the U.S., it's fair to say that our industry is a made-in-Canada success story.

An historically favourable exchange rate, shared time zones with the U.S., and our geographic position between Europe and Asia are all natural factors that have helped Canada's video-game industry to prosper.

But perhaps one of the key factors in the rise of the Canadian games sector has been government support. The federal SR&ED tax-incentive program provides tax credits for R&D-related expenditures and is highly used in our industry. At the provincial level, Ontario, Quebec and B.C. for example have all instituted refundable tax credits on labour ranging from 17.5 per cent in B.C. to 37.5 per cent in Quebec and up to 40 per cent in Ontario for eligible expenses.

These tax credits have helped to spur growth, most notably in Quebec. In fact, two new major studios—THQ and Warner Brothers—as well as a new one just announced today are being set up in Montreal, in part because of the aggressive positioning by that province vis-a-vis other jurisdictions. This has created fierce competition for talent within the Montreal game-development community.

There is concern that the dependence of the industry on government tax credits and similar programs could prove to be unsustainable should these programs be withdrawn in the future. And competition from other jurisdictions could severely affect Canada's prospects in the future should government support falter. With our dollar at par with the U.S., our historic currency advantage has disappeared. Canada increasingly faces stiff competition from South Korea, France, Australia and the

U.S. where 21 states currently offer some kind of tax relief applicable to video-game companies.

Federal Government Support

We strongly believe that governments in Canada have an important role to play in the ongoing growth of our sector.

The industry is anxiously waiting for more details about the federal government's digital economy strategy. Many countries have devoted entire ministries or government departments to deal head on with the specific needs of digital industries. As our country's economy transitions to new digital sectors, a plan is needed to make sure Canada gets this right the first time in order to maintain our global competitiveness.

ESAC has made recommendations to the government on this front, many of which were adopted by the Standing Committee on Canadian Heritage in its recent report on emerging and digital media, and which are fully echoed by the findings in our new research. As a lobbying trade association, I'd be remiss to not mention some of our policy recommendations.

Content: We've said that a comprehensive digital strategy for our economy should position digital content at its core. After all, it's content in its various forms that drive technological progress. A government approach that recognizes the interrelationships and linkages between the different segments of the digital ecosystem will help various creative industries beyond video games. It will foster innovation in technology and communications, and ultimately drive further economic growth.

Intellectual Property Protection: This must also be at the heart of the government's plans for the digital economy. We're pleased to hear that the Harper government plans to re-introduce legislation to modernize our copyright system in the upcoming session of Parliament. For the video-game industry—as for other creative industries—this is crucial.

Labour: ESAC has recommended that Canada prioritize training and education in traditional areas such as mathematics and technology, but also in disciplines such as art, animation, visual effects, game design and sound design, which also lead to high-value, high-paying jobs.

For talent being brought in from other countries, more needs to be done to remove barriers to labour mobility. The long delay imposed by immigration procedures for skilled workers outside Canada is one such issue. Expanding existing hiring programs and adjusting cumbersome international recruitment processes will not only address unmet domestic supply of skilled employees but could also spur skills and knowledge transfer and the retention of high-value employees.

Financing: While large publishers of video games generally have adequate access to financing through their internal resources and long-term relationships with banks, smaller Canadian publishers and developers typically have great difficulty in securing financing for their projects. Banks are generally averse, and game companies by their nature have relatively few hard assets to pledge as collateral for project loans. Venture capital, which has been a significant source of funding to the wider information technology industry hasn't been as prevalent in Canadian video-game companies.

For companies that require relatively small amounts of money to develop their games such as mobile or social game developers, there has been a strong reliance on "friends and family," angel investing and even crowd-source financing to build up projects.

In the face of this gap, government programs that enable game companies to reduce expenses, or that provide funding for research and development or for marketing and associated travel expenses, have been helpful. ESAC has recommended that the federal government increase its focus on the commercialization of R&D and direct investments in commercially viable projects.

Specifically, new funds should be allocated to existing or new interactive digital media funds, not only for the domestic market, but as a way to support world-class Canadian content destined for international audiences as well. Improving the existing SR&ED program by broadening its narrow scope could help.

Introducing a new interactive digital media tax credit for video-game development at the federal level could close the gap between various provincial jurisdictions and help build this industry further.

For Canada's lead to be maintained, governments need to remain vigilant and in tune with the quickly evolving nature of its digital sectors.

Conclusion

As most of the North-American industry converges on Los Angeles next week for the annual Electronic Entertainment Expo, or E3—the largest global video-game industry trade show—Canada can feel very proud of its thriving video-game industry. A number of exciting new video games from Canada will be unveiled to the world and again our creativity and ingenuity is sure to shine.

Thank you.

The appreciation of the meeting was expressed by David Tait, Partner, SECOR Group.

June 2, 2011

John Laforet

President, Wind Concerns Ontario

WIND GENERATES CONTROVERSY: THE FINANCIAL, LEGAL AND POLITICAL CONSEQUENCES OF ONTARIO'S GREEN ENERGY ACT

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Harry Seymour, Past President, The Empire Club of Canada; Sandy MacLeod, Science Teacher, Kincardine Secondary School; Mark Davis, Deputy-Mayor, Arran-Elderslie; Stefan Preisenhammer, Member, Board of Directors Oppose Belwood Wind Farm; Verity Craig, Managing Director, CV Management, and Director, The Empire Club of Canada; Jackie Tsui, Student, Albert Campbell Collegiate Institute; Captain Daniel Saugh, QOR Regimental Chaplain; Michael Trebilcock, Professor of Law and Endowed Chair Holder in Law and Economics, University of Toronto; Sylvia Jones, MPP, Dufferin-Caledon; and Ian Hanna, Vice-President and Chair, Wind Concerns Ontario.

Introduction by Tim Reid

It is now my pleasure to introduce our keynote speaker for this afternoon.

We here at the Empire Club are a speakers' forum and recognize that this is a controversial event. The Empire Club entitles people to both sides of any story.

John Laforet has become known across Ontario as a crusader and coordinator of the anti-wind turbines movement. He is president of Wind Concerns Ontario, which is connected to more than 50 local organizations, and was a major organizer of two rallies at Queens Park.

John Laforet is a long-time community activist whose career highlights include working in government, managing public opinion research, organizing political campaigns, running for public office and leading Wind Concerns. To date, Wind Concerns Ontario has successfully halted all offshore wind development until further notice, and its members have won 80 motions of moratorium from municipal councils that represent a combined two million Ontarians.

Laforet manages the day-to-day fight to prevent further development of industrial wind turbines in Ontario advocating for a full moratorium on future development until negative environmental, economic and human-health effects are addressed, local democracy is restored to planning decisions and justice is given to those whose properties have been devalued and health impacted by existing developments.

Laforet regularly speaks at rallies, public meetings to municipal councils around Ontario and has delivered guest lectures at the University of Toronto on citizen involvement in environmental assessments and approvals processes and at Guelph-Humber on earned media and grassroots lobbying strategies.

Proponents of industrial wind energy have publicly acknowledged the effectiveness of Wind Concerns Ontario's efforts to halt industrial wind development, calling its media strategy sophisticated, its lobbying efforts effective and referring to Ontario as the ground zero of opposition to industrial wind development in North America.

Please join me in welcoming John Laforet to the stage.

John Laforet

I want to thank Tim Reid and the Board of Directors of the Empire Club of Canada for giving Wind Concerns Ontario and me the opportunity to address the club on the topic of Wind Generated Controversy and the financial, legal and political implications of Ontario's Green Energy Act. It is truly an honour.

It was fitting, when we discussed the topic of my address that we chose to include the word "controversy."

The fact that I am even here, behind this podium addressing this club, has in itself proven to be controversial.

I am going to speak to you today about the growing movement of opposition to industrial wind energy in Ontario, and the challenges Ontario's Green Energy Act (GEA) faces from a financial, legal and political perspective, but before I get into that, I will first explain how a guy like me, a twenty-five year old who grew up in the city, finds himself president of a predominantly rural organization focused on opposition to industrial wind energy.

I am likely one of the youngest individuals ever to address the Empire Club and probably one of just a few who have done so as a full-time volunteer.

You see, it all began with a walk on a beach along the shoreline of Lake Ontario in the shadow of the mighty Scarborough Bluffs. I was taking a walk with someone I had met in my capacity as the federal Liberal riding president for Scarborough-Guildwood. We met a man named Roy Wright who told me Toronto Hydro wanted to install 60 to 100 industrial wind turbines out in the lake. At first, I wasn't sure it was such a bad idea, but I began to see that the process for even being heard was flawed. Watching this failed process play out I got involved, simply to help residents fight for a fairer process and ensure their voices were heard.

At first, I was able to balance my involvement with the Liberal Party and my support of Save the Toronto Bluffs, the local group opposing Toronto Hydro's plan. But that all changed when Dalton McGuinty announced the Green Energy Act and cited Scarborough Bluffs residents' actions as the kind of NIMBYism he was planning to shut down.

I got a call from a reporter at the Toronto Star who asked me to comment on the premier's remarks and characterization of Scarborough Bluffs residents and had to pick between my community and my political party. Guildwood is where I was raised so the choice was clear. I responded by asking, "If the facts are on his side, why bludgeon us with legislation, why not just do an environmental assessment and prove us wrong?" But the GEA also took away our rights of participation and my response to that was, "Residents will not lie down; we will continue to get louder and louder and will not go away."

Wind Concerns Ontario has kept that promise and the government of Ontario has yet to do any form of legitimate scientific assessment of the negative impacts industrial wind development has on human health or the environment.

I am pleased to report, however, that two years to the day of Premier McGuinty's announcement of Ontario's Green Energy Act, his government nailed the last nail into the coffin of offshore wind development in the province of Ontario by imposing a full moratorium on all offshore industrial wind development until scientific studies are done. That is good news for all Ontarians. This government, bowed to pressure because of a firestorm of outrage that threatened the seats of many Liberal MPPs and cabinet ministers, has not yet engaged us in meaningful consultation on what scientific assessments they intend to undertake, which suggests they still don't get it.

It is that lack of commitment to proper, scientific assessment of negative effects on human health and the environment that have turned Ontario's Green Energy Act into the dirty bath water in which the "wind energy" baby is poised to be thrown out.

You see, positions have hardened, battle lines have been drawn, the evidence is clear and the industry and government still choose special interest over the public interest, profits over people, and denial in place of valid independent assessment of impacts.

This is not an academic debate best decided by literature reviews. There is a real problem in real communities with real people living near real wind turbines in the province of Ontario and real doctors who have examined these real people agree.

Ontario's Chief Medical Officer of Health can read all the literature reviews and computer models she'd like, but until a proper epidemiological health study is done to determine why so many people suffer serious negative health problems when exposed to industrial wind turbines, those glossy reports are not acceptable to victims and should not be accepted by Ontarians.

There isn't a community in Ontario, where industrial wind turbines have been installed where some residents have not had adverse health effects. Put another way, when industrial wind turbines are installed in a community in Ontario some people always get sick. It's wrong, and it's something we all must seek to address if there is to be any further industrial wind development in Ontario ever.

The industry's position is a curious one. It seeks billions of dollars from Ontarians. It seeks to remove local democratic control of the planning process. It also gets a streamlining of approvals that remove decision making from democratically elected policy makers.

Instead, these critical decisions are left to unelected bureaucrats at the Ministry of Environment whose job is to simultaneously facilitate and approve projects in a manner that is not subject to freedom of information.

In the meantime citizens have been told to make sacrifices for this industry when all the while they will not humour us and support an independent health study and safe setbacks from homes based on those results? Why?

If nothing is wrong, what's the problem? Just do the studies and prove it. If you want to gut the process, end local democracy and jack up residents' hydro bills, it seems to me the very least you owe them is a guarantee that decisions will be based on the best possible science, not just what is best for those who plan to profit.

Based on the independent science done globally by an esteemed collection of highly ethical and independent experts, it is clear a setback of 550 metres is unconscionably close to people's homes. Industrial wind developers recognize there is enough of a problem. Many have become real estate investors because they're forced to buy out their victims. Strangely though each agreement comes with the gag orders which victims are forced to sign in order to settle with the wind developer. This alone demonstrates how deep seeded is the industry's desire to deny there is any issue.

Is it any wonder target communities fully aware of this industry's awful reputation fight so hard to keep them out?

It has become clear the wind industry cannot be trusted to take the health and wellbeing of community members into consideration when pursuing their projects.

It has become clear the government of Ontario and the chief medical officer of health have failed to act as independent protectors of citizens and for those reasons, Wind Concerns Ontario fights every single proposal any industrial wind developer brings forward, and continues to advocate for a full moratorium on any further industrial wind development in Ontario until a proper, third-party epidemiological health study is done. We also seek to have existing turbines in communities where negative health effects are being reported to be turned off to prevent further harm, while we get to the bottom of what needs to happen to makes these projects safe.

I have met far too many people who have been forced from their homes, or are living at home and suffering. I've seen how devastated those who are bought out and lose their right to speak out are.

But the industry has seen them too. The current chair of the Canadian Wind Energy Association recently shared this podium and delivered an address, which was light on facts and heavy on motherhood and apple pie. She is employed by a Spanish wind developer, that just bought five homes in Ontario from victims of industrial wind turbines who had to abandon them. Her company has purchased homes from people in Australia reporting serious negative health effects as well, so how she or her organization, the Canadian Wind Energy Association, can deny anything is wrong is beyond me. Why the government allows this to happen, and allows for companies like hers to sign gag clauses with victims, is beyond me, and not something Wind Concerns Ontario will allow to stand.

This lack of process and victimization of communities is perhaps best seen and most broadly felt by the approval process for Renewable Energy Applications. Ontario is alone in the world when it relates to having a centralized approval process that denies municipalities the right to plan and approve local projects.

Currently, an industrial wind development has the right to install wind turbines wherever they see fit so long as they have a Green Energy Act approval issued by the government of Ontario. Municipalities are obliged to issue building permits to industrial wind developers on order by the province of Ontario, something not seen with any other form of planning decision in Ontario. What's more, there are no zoning requirements or exemptions for industrial wind developers, meaning all land is fair game. This is wrong and is something that has galvanized opposition to industrial wind development in Ontario.

Wind Concerns Ontario is proud to count among its allies over 80 municipal councils that represent a combined two million Ontarians who have called on the province to restore local planning control, and first put in place a province-wide moratorium until a proper third-party epidemiological health study is complete and setbacks can be based on noise guidelines that are complete and science that is up-to-date.

So that means, 80 municipal councils that represent more than two million Ontarians have lost complete faith in the process put in place by the government of Ontario and do not see the industrial wind lobby as a reliable partner in determining what is best for residents either.

That is worth taking note of!

Now let me turn to the environment for a minute, because that is what this is all about isn't it?

I am going to tell you about a few places in Ontario and I want you to think whether what is being proposed there sounds "green."

When I get into a debate with folks from the wind industry they often love to ask questions like "Have you been to Denmark? Or Germany? Or some other far-flung place in Europe?" as though a flight across the ocean and seeing wind projects running in these countries would result in some sort of religious experience that would convert me to a believer.

I will tell you about some places I have been where it is clear those who claim industrial wind is a "green" form of production have not, because if they had, they'd realize these projects are often as green as their trans-Atlantic carbon footprints.

Let's start with Thunder Bay.

Thunder Bay is known for a lot of things, but one gem of Ontario's most populous city in north-western Ontario is the Nor'Wester Escarpment and the Loch Lomand watershed protection lands up on that escarpment that protect this pure water source from any human impacts from inappropriate land use.

These pristine 17,000 acres have been preserved for generations of Thunder Bay residents, mindful of the importance of preserving this habitat and the watershed lands to protect the water source itself.

My first visit to Thunder Bay included my first ride on a snowmobile so I could see with my own eyes what was at stake up on the escarpment. I've never been so bundled up in my life as I was when we rode 600 feet up the mountain and toured the proposed project site. I was also surprised to see buried within the native boreal forest that is common in the area, sugar maple bushes, which are decidedly out of place. Some of these maples are 150 years old, and there are thousands of them on the escarpment. Local residents harvest that maple syrup and my waistline can attest it is some of the best syrup I've ever tasted.

It is believed 4,000 sugar maples will be cut and another few hundred white pines to make way for a project that would amount to a rounding error in energy production for the grid.

Can anyone actually justify clear cutting and blasting as being good for the environment?

Let's talk about Dorian next.

Dorian is a small community about an hour or so outside Thunder Bay that will soon be home to one of Ontario's newest industrial wind developments. When I was in Thunder Bay in December, a local resident and I registered at the development to head onto the site to visit some of the crown land, claiming to be ice fishing.

Once we were in, I got to see firsthand what it looks like when an industrial wind developer clear cuts and blasts roads thirty metres wide, when they seek out all the ridge tops and blast them flat. I saw what 400 sticks of dynamite can do to flatten what was before a peak.

Even the wind developer there recognizes that 24 per cent of birds fly at blade height.

If birds are slaughtered in the woods, and no one is there to see it, did it still happen?

If ridge tops are dynamited flat, and no one is there to object, does that make it ok?

Can any environmentalist say with a straight face that this sort of destruction is good for the environment?

I ask you, how is that green?

Let's move onto Prince Edward County now where I was proud to visit again to speak to and rally with local residents less than two weeks ago.

Prince Edward County is home to Ostrander Point, Ontario Ministry of Natural Resources-owned crown land that is part of a globally-recognized important bird area and home to endangered species. When we went to visit Ostrander Point, we came across wetlands and bush backing onto the protected shoreline of Lake Ontario, without any development in sight.

Gilead Power is seeking from the Ministry of Natural Resources permission through the endangered species act to "kill, harm and harass" the Blandings Turtle and whip-poor-will bird, both species protected by the endangered species act and who are known to make their home on Ostrander Point.

When Gilead Power is done "killing, harming and harassing"—remember these are their words, not mine—the Blanding's turtle and whip-poor-will bird, and they'd also like to "disrupt and destroy" their habitat as well, one can only assume those who were just harmed and harassed will die on their own later.

Can this really be seen as being green?

According to the Sierra Club of Canada who is on record as being very concerned about the Blanding's turtle, industrial wind energy is good and Wind Concerns Ontario members who support environmental protection are part of a plot to undermine the Green Energy Act. My response is simple: they are part of a plot to undermine endangered species and need to decide whether their campaigns to protect the Blanding's turtle are fair-weather, or whether the Sierra Club will stand with the environment at moments like this, when tough decisions need to be made and the lives of listed species hang in the balance.

Endangered species are protected for a reason and no one waving $230,000 in the government's face should be able to change that. That's Wind Concerns Ontario's position and if the Sierra Club of Canada wants to keep any credibility, it will become theirs too.

Just yesterday students at Bishop Allen Academy Catholic Secondary School in Etobicoke wrote to me to say the choice is pretty clear. Let me share what they had to say:

Hello John!

We are a group of students from Bishop Allen Academy Catholic Secondary School in Etobicoke. We are extremely concerned about the well-being of the Blanding's Turtles habitat within the Prince Edward County and have recently formulated a petition within our community directed towards the Legislative Assembly of Ontario.

We are wondering if you could supply us with any other information about the situation and advice on how to raise more awareness within our community. Thank you. Hope to hear from you!!

Before I move on to the experience on Wolfe Island, I want to speak for a couple of seconds specifically to the students from Albert Campbell Collegiate Institute from Scarborough Ontario, my hometown, and where my grassroots activism first ignited. Don't let people tell you that you're too young to make a difference or that you need to wait to shape the destiny of your community. If there is something you're passionate about, something you're concerned about, get involved, work with your neighbours and friends and stand up.

I am going to be happy to give those students at Bishop Allen advice to help them shape ideas of their own for what they can do to protect the Blanding's Turtle, and hope the benefit for them is an entrance or a continuation of involvement in fighting for the things they care about.

Now, let me tell you about Wolfe Island near Kingston also on the same migratory bird path as Prince Edward County.

On Wolfe Island there are 86 turbines installed and the bird and bat mortality rates are six times what the industrial wind developer told the province they expected they would be. So the Minister of Environment changed the acceptable "kill" rate. That's what happens now. If the guidelines don't fit the industry's needs, they are changed.

There are so many birds and bats being slaughtered and rare birds literally disappearing on Wolfe Island now that TransAlta has created two full-time jobs for people just to drive around the island and collect bird and bat carcasses. Are these some of the so-called "Green Jobs" Dalton McGuinty promised Ontario?

We also know from Wolfe Island that the wildlife population has declined dramatically near the wind turbines, but again because the government has required so little science, we don't know why.

I think I've painted a pretty clear picture of the environmental destruction these projects bring, and now is likely a good time to remind you that every megawatt of wind energy we install into the grid is backed up by fossil fuel. Everyone knows that the wind doesn't always blow. Therefore we are building twice the capacity we need because wind energy is so unreliable. Without a backup we run the risk of brown-outs and black-outs.

The stage has been well set to clearly express why there is such a fierce opposition to industrial wind energy out there, and now let's turn to the consequences of this from a financial, legal and political perspective. Much of what I've discussed so far applies more directly to impacted communities, but these next topics impact us all.

Before I address some of the financial consequences of the Green Energy Act, it's time to deal with the notion that this government is seeking to pay industrial wind developers a premium for unreliable power that cannot be stored and to wreck the place. This is an absurd proposition.

The Green Energy Act is responsible for Ontario's Feed-in-Tariff program and can be attributed with bringing us the provinces deal with Samsung to manufacture and install industrial wind development in Ontario. Ontario's Feed-in-tariff program requires the province to purchase electricity from industrial wind developers when generated, period. So regardless of demand, and at rates that are usually 300 or more per cent higher than the actual value of a kilowatt of electricity on the open market it is purchased—by us.

Because Ontario has strong baseload capacity and because of a declining demand for electricity, the commodity price of electricity on the market has been falling and continues to fall. Meanwhile electricity rates continue to increase.

George Smitherman, former minister of energy who concocted the Green Energy Act, promised Ontarian's annual rate increases of about 1 per cent per year to pay for all of this. The government now tells us rates are going up 46 per cent over the next five years and a majority of that increase will be due to the cost of implementing Ontario's Green Energy Act.

To quell voter outrage at the cost of this Green Energy scheme, the McGuinty government is adding $5 billion to the provincial debt and handing it out to Ontarians as the "Ontario Clean Energy Benefit." If the supply mix was determined by experts and paid for at market prices where supply and demand mattered, not based on what was convenient to the industrial wind lobby, that is $5 billion the province would not be spending.

What's more, the requirement to purchase power whenever it is generated without taking demand into account has resulted in more power surpluses, which in turn have resulted in expensive dumping of wind energy into neighbouring jurisdictions such as the U.S.A.

At times we not only give power we purchased for 13.5 cents a kilowatt-hour away, but we pay our neighbours to take it off our hands. All of this simply adds to the cost for consumers later through that "provincial benefit" we all pay on our energy bills.

Ontario Liberals will tell you the Samsung deal will cost our province $461 million in incentives, while Samsung is going to generously invest $7 billion in Ontario. We all know companies like Samsung don't find themselves with $7 billion by trading sums of money that large for incentives like those the Liberals are offering. The purchase power agreement Ontario has committed to with Samsung will cost ratepayers another $1.1 billion a year for 20 years when implemented—a full $22 billion for unreliable power we not only don't need but will likely end up dumping in neighbouring jurisdictions.

We all know even before this latest recession that Ontario's heavy-energy manufacturers were in trouble and that especially in the forestry and manufacturing sectors well over 200,000 jobs were lost.

The Ontario Liberals' economic policy on Green Energy will guarantee those jobs won't be coming back because we are making our economy economically uncompetitive with neighbouring jurisdictions. We cannot allow that to be our future. When the C.D. Howe Institute reports that electricity bills for Ontarians will be $310 higher than they are now in a few years to pay for all of this, we need to take notice. When that same report determines the rate of subsidy per so-called "green" job is $179,000 per year, we need to recognize how many other people going to real jobs it takes to subsidize every one of these phoney so-called "green jobs."

The reality is these massive subsidies, feed-in-tariff programs, and Samsung-like deals are no way to create or build an economy. This is a pathway to bankruptcy, which is why so many jurisdictions in whose footsteps Dalton McGuinty wants to travel are being bailed out by others in Europe.

It's important to note that in communities where these industrial wind turbines are operating there is also a reported property value loss of up to 40 per cent within a five-kilometre radius of an industrial wind turbine, meaning each project wipes out millions of dollars of equity and property-tax base in host communities.

That lack of justice for homeowners is a good segway to the legal consequences of Ontario's Green Energy Act.

As many are aware, Ian Hanna of Prince Edward County stood up on behalf of all Ontarians and challenged the regulations for Ontario's Green Energy Act. Wind Concerns Ontario was proud to support those efforts and is anxiously awaiting Mr. Hanna's appeal. In Chatham-Kent, citizens have opposed the only renewable energy approval to make it through Ontario's Green Energy Act through an environmental review tribunal where the facts about serious health effects were discussed in detail. This could prove to be a critical step for preventing further industrial wind development at these irresponsible distances.

Wind Concerns Ontario supports an aggressive legal strategy to seek to prevent future industrial wind development through Environmental Review Tribunal appeals like the one in Chatham-Kent. It is also exploring the role of liability held by the land owners who host the turbines because of the effects these developments have on non-participants. Other innovative legal avenues may seek to restore some of the justice lost through Ontario's Green Energy Act.

The citizen-based activism and opposition to Ontario's Green Energy Act is well coordinated and wide spread. We are not well funded as we rely solely on the donations of individual citizens with concerns. But we have found success in banding together to fight the big battles.

Wind Concerns Ontario as an organization has committed to ensuring any renewable energy approvals issued before the fall election will be taken through the environmental review tribunal forcing developers to face delays of at least six months, and the potential to have their project approval overturned by a tribunal which does not express the same interest or sympathy in propping up this failed industry in Ontario regardless of the science or impact on people.

Finally, what may be the most critical element and certainly why Wind Concerns Ontario is controversial and the political consequences of Ontario's Green Energy Act. I will say without any hesitation that Wind Concerns Ontario and our member groups will be working hard on the ground in the three dozen ridings in Ontario where we have community groups, to defeat this Liberal government and replace it with one that is prepared to act with courage on this file.

The industry and government's shameful position on human-health effects, refusal to support a study and stop future development until it is complete in addition to their attack on local democracy, citizen involvement, environmental protections and the economic health and well-being of this province will not be allowed to stand long.

Wind Concerns Ontario has been calling since day one for a moratorium on wind development until a proper health study is done. We've been calling for restoration of local control in Ontario, an end to the feed-in-tariff program and justice for those who are currently suffering the ill effects of living near industrial wind turbines.

Our lobbying has been successful in shifting the policies of all three opposition political parties in Ontario away from the Liberal's vision for this industry in Ontario.

The NDP have come out in favour of local planning control and believe these projects should be developed by public agencies as opposed to private investments.

The Green Party also support local control, and wants to see community-based projects. But they are still very much in favour of subsidies—just not to large companies like we see presently.

It is the Progressive Conservatives who have gone the farthest by recognizing the Samsung deal and FIT programs have the economic potential to finish off the blue-collar economy in Ontario if they're implemented as planned. They have stated they will end the feed-in-tariff program, and the Samsung deal. The PCs have also expressed support for a moratorium and a setback based on a health study in addition to the restoration of local control.

These are major steps that have been made due to the strong efforts of citizen-based advocacy around Ontario. We've seen countless opposition MPPs from the PC caucus stand up and fight on behalf of communities opposing these projects. While the industry has firmly made its bed with the Liberals, who are down the polls, grassroots opponents also have a clear choice to make during the election.

The Liberals' and industry's attempts to use money and paid media campaigns to solve the clear public-relations problem have not worked.

Wind Concerns Ontario and our member groups have continued to get stronger and as the PCs have become emboldened on this issue, it is clear that come October, this issue could well decide who wins and who loses in many ridings.

I'm sure we've all heard the saying "the truth shall set you free." As President of Wind Concerns Ontario, I am fortunate that each day, my only job is to speak truth about the reality of wind energy in Ontario and work to organize and mobilize those who share our views to ensure that we are well-positioned to win legally and politically with the truth and as long as the financials are so completely out of whack with this industry, more and more citizens join our cause each and every day from all over Ontario.

So I ask that the next time you think about industrial wind, consider these points. Ask yourself why an industry would hide from science if the truth was on their side. Why would an industry support an end to local democracy if their product was all it was cracked up to be? But perhaps more importantly for those who may never be directly impacted by industrial wind, ask yourselves how many real, unsubsidized jobs should Ontario give to our economic competitors to create and protect jobs that cost 180 grand a pop.

To those who are involved in this industry, ask yourself just how far you are willing to go and how much of what you and your company are doing would you like to explain to a judge.

It is clear Ontario's Green Energy Act has become an example of overreaching, anti-democratic, anti-science legislation that is serving to hold our economy back at a time when we can't afford it.

Having heard what I've had to say, I am sure now those of you who may have been surprised that this speech was billed as controversial may understand the core problem. The wind industry does not want anyone speaking truth to power, because doing so gets in the way of their business, which cannot withstand the cold hard realities of their trade.

That is what Wind Concerns Ontario is dedicated to doing—speaking truth to power on the topic of industrial wind because someone has to now more than ever.

Thank you for your time, and I am happy to take your questions.

The appreciation of the meeting was expressed by Harry Seymour, Past President, The Empire Club of Canada.

June 9, 2011

Alfred Apps

President, Liberal Party of Canada

WHEN THE WORST OF TIMES BECOME THE BEST OF TIMES: BUILDING A FUTURE FOR LIBERALISM IN CANADA

Chairman: **Tim Reid**
President, The Empire Club of Canada

Head Table Guests

Verity Craig, Managing Director, CV Management, and Director and Upcoming President, The Empire Club of Canada; Brian Topp, Executive Director, ACTRA Toronto, and Senior NDP Strategist; Pradeep Sood, Founder, XactScribe Inc., Past Chair, Ontario Chamber of Commerce, and Director, The Empire Club of Canada; Robert Hyde, SVP Strategy and Finance, Group Inc.; Cam di Prata, EVP and Head of Corporate and Investment Banking, National Bank Financial, and Director, The Empire Club of Canada; Max Naylor, Student, Northern Collegiate, and Prime Minister, Youth Parliament; Rev. Chris Miller, Minister, Oriole-York Mills United Church; John Koopman, Partner, Spencer Stuart, and Past President, The Empire Club of Canada; Deborah Gillis, Senior Vice-President, Membership and Global Operations, Catalyst; and Alex Haditaghi, Founder and CEO, Group Inc.

Introduction by Tim Reid

It is now my pleasure to introduce our keynote speaker for this afternoon.

Alfred Apps is many things.

A father of five beautiful daughters.

The very fortunate partner of Kathy Elder.

A respected and successful corporate lawyer.

An active and committed Anglican.

But he is also a leader.

A student leader, who was elected president of the student council at his high school, his college and his university.

A company leader, who has successfully served as CEO of two large corporations.

A community leader, who has devoted much of his spare time to charities in health care and the arts, a former chair of the Foundation Board for the Centre for Addiction and Mental Health and, of course, the Past President of the Empire Club of Canada.

A business leader, who this month is taking over as chair of the board of two exciting Canadian corporations—Pacific Mortgage, one of our leading independent financial service companies, recognized last week as Canada's second-fastest growing company, and Byron Capital Markets, an emerging Canadian institutional investment bank.

But his passion for four decades has been politics and especially liberal politics. Always as a volunteer.

Today he addresses us as President of the Liberal Party of Canada at a critical moment in its history.

Please welcome your friend and mine, Alfred Apps. Please join me in welcoming Alfred Apps to the stage.

Alfred Apps

"Turning and turning in the widening gyre
The falcon cannot hear the falconer;
Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loosed, and everywhere
The ceremony of innocence is drowned;
The best lack all conviction, while the worst
Are full of passionate intensity.

Surely some revelation is at hand."

William Butler Yeats

On May 2, 2011, the Liberal Party of Canada suffered the most devastating election defeat of its long and storied history. There can be no doubt about that. In terms of both elected members and voter support, Liberals swapped places with the NDP. And it all seemed to happen in one fell swoop over the last half of a very short campaign.

No sooner had voters pronounced their judgment than the pundits were pontificating.

Defeat was inevitable. It was a long time coming.

Liberals had ignored their grassroots for too long, lost touch with their base.

Their party had been hi-jacked by an aging establishment elite. Middle-aged white guys clinging to power and brought down by their own hubris.

An out-of-date structure, badly in need of modernizing.

A party completely out of sync with the Facebook generation.

Crippled by an approach to campaigning from a bygone era.

Poisoned by old leadership squabbles that had sapped internal trust and eroded public confidence for years.

In short and with all the benefits of 20/20 hindsight, an entirely predictable Liberal apocalypse.

That, at least, is the current media narrative. The Liberal party as a broken institution. A party in a state of crisis.

In fact, all of these arm-chair observations probably contain an element of truth—including, I concede, some of the nastier barbs that have been aimed at yours truly.

In the coming weeks and months, Liberals will almost certainly consider each and every diagnosis of the disaster, because most of them point to a "fixable" problem and fixing the problems is the first priority of most Liberals.

Still, whoever and whatever is ultimately found to be responsible for our rout at the polls, it was President Kennedy who said—"Victory has a thousand fathers, but defeat is an orphan." And, since it happened on my watch, I accept my share of the blame.

But I am not here today to conduct a post-mortem. Nor am I into public self-flagellation. I am here to address a larger issue. Something I am going to call "the threshold question," because the "broken-party" theory of liberal defeat is not the only one out there.

Some have described our predicament much more dramatically, predicting the permanent demise of the party. Their theory is not just about a broken party; its about a political "paradigm shift." They see a world with no oxygen for Canadian Liberals. Centrist parties, they say, are being squeezed from the right and the left the world over. Why should Canada be different? After all, what relevance do liberal values have in the 21st century.

And what do the doomsayers think has changed so profoundly?

Well, it's simple. They believe the moderate Canadian political consensus has evaporated. Some think it has been swamped by ideological extremism and single-issue activism from both sides of the spectrum. For them, polarization is inevitable.

On this view, the only hope for Liberals is to merge with the NDP. Unite the left to fight a united right!

Others believe the traditional liberal middle ground has been completely co-opted, with both left and right moving to the centre all at once. So convergence is inevitable.

If you are a liberal in that world, you have no choice but to migrate to the other major party whose extreme faction offends you least. Hold your nose, cover your eyes if you must, but surrender to one or the other and do so quickly.

So this is the pivotal question. Has the paradigm shifted?

Do liberal political ideas remain relevant to Canada in the 21st century?

Is it still possible for a political party committed to those ideas to earn the confidence of Canadians again?

Is there a distinctive vision of Canada rooted in liberal ideas that is worth fighting for?

If the answer to all of those questions is "no," then Liberals need to pause and understand why. Because all their post-mortems won't matter. And all the well-intentioned reforming, rebuilding, renewing and reimagining of the party that we are about to undertake will come to naught. A pointless exercise doomed to failure.

But if the answer to all of these questions can be "yes," then Liberals really need to understand those answers too. Because the commitment, the energy and the passion required to succeed in all the historic work Canadian Liberals are about to undertake for the third time in a half-century demands, first and foremost, a profound rediscovery of the relevance of their fundamental raison d'être today.

Before we consider how we should rebuild, don't we need to understand why we must rebuild? Is there a reason why the Liberal Party should and can continue to exist? That's what I want to talk about today.

Let me first qualify my perspective for all its weaknesses.

I became a Liberal on election night in 1972, when Pierre Elliott Trudeau came within a hair's breadth of losing his second general election. Since then, I have worked in 11 provincial and 12 federal elections, a total of 23 campaigns. We have lost 12 and won 11 of them.

And I have been before where we are today.

I ran twice myself for Parliament. It was 1984. I was a sacrificial lamb in a safe Tory seat against a four-term incumbent. We came out of the election with just 40 seats nationally. I got my clock cleaned, losing by over 12,000 votes.

For my second bid in 1988, we had rebuilt the party locally and, with the Tories still winning a majority nationally, reduced that same invincible incumbent's margin in my riding to about 1,000 votes. The pain that night was even worse.

But my point is not the defeats.

Because in the next three elections, with the incumbent retiring and the vote on the right split between conservatives and reform, the Liberal candidate who succeeded me—my high school principal in fact—went on to win three successive elections as part of the Chretien majorities.

So it's not all "sham, drudgery and broken dreams." There have been some victories as stunning as our losses along the way too. Like 1993, when Liberals swept every seat but one in Ontario, and the Tories were reduced to just two ridings in the whole country. Or 1985, when the Ontario Liberal Party moved from third position in the Ontario legislature in 1975—behind the NDP I hasten to add—into government, after 42 long years in the political wilderness. At that point in time, we too easily forget, there was not one other Liberal government anywhere in Canada.

Liberals who think things are tough today should check out some of our not-so-distant history. Because we have found ourselves in places worse than nowhere before. Lonely places where you have to ask yourself why you are a Liberal. And just as importantly, does it matter that you are?

Let's be honest. Canadian liberalism today, once again, is in existential crisis. And we need to take the risk of asking the threshold question.

It was President Kennedy who observed that, "The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity."

Danger and opportunity. That is why the worst of times can become the best of times.

Make no mistake, there is a very real danger for Liberals in asking the threshold question. Because we have to look hard in the mirror. We have to reach deep inside ourselves, scour our history and rediscover our principles. And we have to ask the tough questions.

What if the only reason for our party's existence really has always and only ever been to win and hold power?

What if we never really were a party of the people?

What if we have never really carried the banner of popular purpose?

What if we have always been less a political movement than a cult of leadership?

What if the secret of our success in the 20th century was really just the good luck of producing the right prime minister for the time—leaders able to capture the zeitgeist, to respond to the one big challenge of their day—the depression of the '30s, the war and rebuilding that followed, the unbridled optimism of the '50s, the liberation movements of the '60s, the threats both to Canada's unity and to its fiscal solvency beginning in the '70s and culminating in the '90s.

What if we discover that, in fact, the Liberal Party has always been a rather closed and hierarchical institution—a club for Canada's elites—a brokerage party that pays lip-service to grassroots democracy but, in truth, functions like a presumptive palace from which the good and the great in Canadian business, law, academe and public service deign to govern the ordinary people?

Well—if that is the sum total of what it means to be a Liberal in Canada, then we are in serious trouble. Because we now live in an era of dime-a-dozen celebrity, when elites have lost all their luster, where digital democratization has bestowed the power of information everywhere on everyone.

Insiders beware.

Most of the traditional barriers to success have come crashing down, giving way to a rampant, albeit rambunctious, meritocracy, where the ease of public expression and the possibilities for influencing people, ideas and events has given everyone the right and many the motivation to play. On their own terms and by their own rules.

The new politics is based on revolutionary conceptions of human connectedness and political community—a world of "friends" in the hundreds or thousands and from anywhere, where associations can be formed virtually and almost instantly around any topic or cause, and where thoughtful analysis and dialogue can occur in real time—or be completely supplanted, not just by the 30-second clip, but by the instant blog and the nano-second tweet.

It is now the early spring of unprecedented human individuation. A time of creative chaos. A period of intellectual mayhem. A new and still very rough and free-wheeling frontier for self-expression and actualization. Where no single big challenge dominates the public agenda and no one big idea drives the public conscience, at least not for long.

Some wonder whether the new world order has been universally afflicted by attention-deficit disorder.

Others see that Canadians of this generation are yearning for a more radical democracy—one that can embrace the increasingly varied aspirations of a relentlessly and enthusiastically more diverse society.

And more and more, tomorrow's voters see traditional processes for effecting change—especially political parties—as irrelevant to their goals.

After all, what good can come from institutions seen as fossilized arbiters of elite opinion only, run largely by out-of-touch, middle-age white guys, whose interest must be to preserve and serve the status quo. That's just not "down" in a culture of individuation and self-actualization, militating for change in just about everything.

Middle-aged white guys are really a proxy for political parties seen as out of touch with the varied and pressing concerns that have so engaged the next generation of progressive Canadians. The environment and climate change. Urban poverty and homelessness. Continuing neglect and abuse of our aboriginal population. International human rights. To name just a few.

And Canadians of today's generation are cynical—suspicious that old-line politicians and political parties are not listening because they are in the pockets of vested and powerful interests.

Bluntly, we live a culture that no longer wants to defer to the authority of our political establishment. A culture that, because it has unprecedented access to information, not only forms its own opinions, but expects them to be heard and is not only demanding political processes that will make that possible; they are already inventing new ones outside all of the conventional channels.

So, popular consensus has become elusive because most of the old ways of "shaping" it are gone. In my view, this is a genuine political paradigm shift that Liberals must confront. And what should we do?

As I said, Liberals need to rediscover their basic principles. We have to figure out how truly liberal ideas can be successfully applied in the new political paradigm. And like any other organization that has been left bleeding in the dust by its opponents, we have to re-think, re-tool and re-build from the ground up in a way that responds to the new paradigm.

It is not enough to copy the competition. Liberals have to leapfrog the competition. Or as Wayne Gretzky would put it, Liberals have to skate to where the puck is going to be rather than where it was.

But the re-imagining of a Canadian liberalism must start from first principles. When you strip it all down, what does a Canadian Liberal really stand for? I say "Canadian Liberal," because the word "liberal" is now attached to political parties of widely varying orientations the world over. And Canadians have built their own special variant of liberalism in the context of the unique political experiment that is Canada.

Our party traces its philosophy to a line of English liberal thinkers going back to the enlightenment including Hooker, Locke, Mill, Green, Acton, Popper and Berlin. We have also drawn heavily on ideas born in the French revolution and from Rousseau, de Toqueville and de Montesque. Americans like Jefferson and Madison and, much more recently, Rawls. And, we have produced some powerful liberal minds of our own—like Pierre Trudeau, Will Kymlicka and, to my mind, the greatest of them all, Toronto's own C.B. MacPherson.

It should be no surprise that our party's intellectual foundations are diverse. But Canadian liberalism reflects a lot more than the glib and easy phrases we have adopted of late—like that "fiscally responsible, socially compassionate" formulation, or the "progressive centrist" label.

Nor is it enough to say that we are not an ideological party of the left or the right, but a pragmatic party of the middle. That may all be true, but in fact, Canadian liberalism is built on some very clear ideas.

First, we believe not only in the dignity and worth of the individual, but in the absolute primacy and autonomy of individuals. We are not a party of the entitled classes. Nor are we a party of class entitlement.

In an age of unprecedented and assertive individualism, that makes us relevant.

We stand first and foremost for freedom. We believe that wealth is created and social progress is achieved when we unleash the full capacity of individuals to think and act. We see the protection and extension of freedom for individuals as the key to personal happiness, the chief responsibility of the state and the paramount purpose of statecraft.

At a point of unprecedented human creativity driving us to new levels of intellectual and technological advancement, that love of freedom makes us relevant.

We believe in the human spirit and its unlimited potential—that every citizen is entitled to live in conditions of personal security and opportunity and to optimize his or her potential to the fullest, regardless of age, sex, creed, race, sexual orientation or any other accident or incident of birth, culture or country of origin.

At a time of unprecedented aspiration, self-actualization and choice, our commitment to human possibility makes us relevant.

We believe that our diversity is a strength, that immigration should be open, that social and cultural differences should be embraced and that tolerance and accommodation are the essential virtues of liberal society.

During a period within which Canada has produced a single society consisting of two distinct diversities—one Anglophone and the other francophone—where multiculturalism has blossomed into full flower in both official languages, the accommodation of minority cultures still has its opponents. That is why the generosity of our worldview makes us relevant.

We endorse pluralism over secularism because we believe both in freedom of religion and freedom from religion, that while church should be separate from state, the public square must be open to Canadians of every faith background including those of no faith at all. At a time when some seek to have matters of faith drive our political discussion and others seek to shut them out, Liberal respect for the overlap between the spiritual and the temporal makes us relevant.

We are capitalists. not socialists. We believe in the profit motive. For Liberals, profit is not a dirty word. We are ready to fight for workers' rights at every turn but we also defend the right of individuals to accumulate and profit from their own capital, including especially their intellectual capital—capital whose development and commercialization has become so important and has been so dramatically democratized in our lifetime. Labour and capital need not necessarily be opposed in interest. The fact that sheer brainpower enables labourer and capitalist to become one is an idea that simply blows a lot of the old ideological assumptions right out of the water.

In the knowledge economy of today, the ability of liberals to balance the interests of labour and capital makes us relevant.

We believe in equality. Equality before the law and equality of opportunity. Beyond property, civil and legal rights, we believe that the enhancement of the economic, social and cultural rights of all Canadians is critical to ensuring a fair and equal chance for every citizen. Just as we believe that equality of outcomes is neither possible nor desirable, we also believe that the fundamental advantages in life should not flow from the circumstances of one's birth.

In a society where basic fairness has become the measure of freedom, that makes us relevant.

Liberals believe in democracy and that its privilege imposes some duties on the citizen. We think Canadians have a responsibility to participate in their governments, to pay their taxes, to respect the rule of law, to fill out their census forms and, most importantly, to vote. We believe that Canadians should be given ever-wider rights to participate in the political process, including through political parties, and that democratic input and institutions need to be continually modernized and strengthened.

At a point in history where technology has finally made a more radical and engaging democracy possible, our posture toward broadening participation makes us relevant.

We believe in the "servant state," not the "nanny state" of the left or the "watchman state" of the right. We believe that the sovereignty of the state—its permissible scope of action—is dependent entirely upon the will of the people and circumscribed always by the rights of individuals, that while the state is precluded from interfering with the basic freedoms of its citizens without their consent, its proper role extends well beyond merely protecting its people from internal and external threats.

In modern circumstances, where the genuine will of the people is more continuously and profoundly ascertainable than at any time in history, our concept of the servant state makes us relevant.

And the liberal way is the balanced middle road.

We believe in the power of government to do good but that citizens must be vigilant to constrain and define the power of government by expanding the rights of individuals and promoting the strength of markets. As distinct from classical liberals, we do not believe that the government that governs best governs least. In fact, we have seen that politicians who think government is bad generally deliver bad government while those who think that government is the solution for all our problems invariably govern in a way that creates even worse problems.

But we are the party of nation builders. The party of a strong national government. The party of the Canada Pension Plan, of medicare, of bilingualism, of multiculturalism, of the flag, of the charter of rights and freedoms, to name just a few. And we are the only party in the House of Commons today that would assert a nation-building federal jurisdiction, that is not either pandering to provincialists and separatists or abandoning the field. The only party that believes we need a strong and active national government to build a stronger and more united Canada in an ever more complex and shrinking world. That makes us relevant.

And we believe in free and fair markets. In fact, the Liberal Party is the only Canadian political party whose core philosophy is genuinely pro-market.

We believe that free and fair markets—open competition—are the biggest drivers of innovation and creativity, engines of economic growth and creator of wealth and jobs. Those on the left sometimes have trouble understanding that, unless there is the possibility of profit, there can be no market. To move forward, you not only have to put the horse before the cart; you also have to feed the horse.

On the other hand, those on the right seem to have trouble understanding that free markets only remain free and fair in the face of their inability to self-regulate and their natural tendency to monopoly if they are not regulated appropriately—that regulation, in fact, preserves the marketplace and is a good thing, that properly regulated markets are stronger markets because regulation protects and empowers the participation of individuals in those markets. Unlike socialists, conservatives know to put the economic horse before the cart and they certainly know how to feed it. What they don't seem to appreciate is that the beast has to be reined in if you want to prevent it from bolting and avoid driving your cart right into the ditch.

As Liberals, we know that the market sometimes also needs support, that it sometimes fails to deliver the goods in ways that optimize its performance. We need to ensure that the market is firing on all cylinders as productively and efficiently as possible, so we support public works, for example in energy and transportation, and public or publicly funded services in key areas like health care and education. That is what a mixed-market economy is all about.

In a world where the connectivity has created entirely new markets for goods and services never before conceived or, as Adam Smith might say, a whole new universe of virtual "shopkeepers," and where progress in transportation and communication technologies have vastly expanded Canadian and global trade, the liberal balanced pro-market approach makes us very relevant.

But at the core of everything, Liberals are children of the enlightenment. We believe in the power of reason. We value education and learning. We see intellectual curiosity and skepticism as good things. We are open-minded, pragmatic reformers who think that public policy should be based on evidence and logic about what really works, rather than something that's more superficially seductive just because it resonates in the "gut" and is more "sellable" as policy. Because Liberals know that knowledge is constantly advancing and that the logic of scientific discovery sometimes does involve shifting paradigms—the constant replacement of old assumptions with new ones—we learned long ago that "conventional wisdom" is often out of date or just plain wrong, that so-called "common sense"—you all remember the "common sense revolution"—often has little to do with good sense.

In a society that has achieved the highest level of general education ever, the liberal focus on the reasoned application of learning and knowledge to public policy makes us relevant.

And Liberals are resolutely internationalist, committed to the continued progress of global civilization and to the enhancement of the human condition generally. We are the Canadian party that has led on questions of peace and human rights, but we also understand that sometimes soldiers-in-arms are required to preserve that peace and protect those human rights. More than that, we understand that the national interest on questions of sovereignty, security and defence cannot be compromised. At the same time, we see our role to militate for a new world order that is ever more democratic, inter-dependent and sustainable. For that reason, we support the development and enforcement of a more robust regime of international law and regulation.

In the context of a growing and much more mobile population on a shrinking planet, that makes us relevant.

Finally, and perhaps most importantly, Liberals believe that intergenerational stewardship matters as a fundamental question of public morality. We must do whatever we can to ensure our aging and infirm are cared for. We should not mortgage our children's future by burdening them with an unfair inheritance of public debt. We must do better in trying to leave our environment better than we found it.

Given the sophistication and complexity of all the issues modern governments have to manage in the 21st century, all of these themes make Canadian liberalism relevant. And our commitment to balanced and evidence-driven government has taught us that the old ideologically-driven public policy silos just don't make sense anymore.

Liberals learned long ago that sound social policy—ensuring we have a healthy and well-educated work force for example—actually strengthens markets and, as such, is equally sound economic policy.

We are learning even now that the same conclusion applies to the supposed trade-off between environmental policy and economic policy—the myth that for so long has been used to pit clean air and water against profits and jobs.

And more and more, we are discovering that the forces of globalization mean that domestic policy cannot be conducted in a separate compartment from international policy or vice versa. That we cannot play a constructive role abroad if we pervert our international policy to partisan purposes at home, that we cannot claim any moral authority in the counsels of the world when, on questions like the environment and aboriginal dignity, we are covering our eyes and refusing to act in our own backyard.

So I believe it is easy to show how liberal values are more relevant than ever to Canada and Canadians today and how liberalism fits with the amazing paradigm shift in our political life that is underway. In fact, I believe that the new political paradigm is a very liberal paradigm.

Some of you may be thinking that most of what I have said about liberalism is now embedded in our political economy and generally supported by all sides in the House of Commons; that the liberal principles I have laid out are now only opposed by the extreme factions in the conservative and socialist movements; that liberal democracy has triumphed and, for that very reason, fighting from the centre is no longer required. And I concede that much of what Liberals have accomplished in Canada cannot be undone easily or quickly.

But the difference between Conservatives and Socialists, on the one hand, and Liberals, on the other, is that Liberals believe in the continuous application of these principles, whereas the ideological right and the ideological left are determined to continuously and insidiously undermine them—slowly, quietly, incrementally—until, suddenly, Canada is something that Liberals no longer recognize.

If self-satisfied or complacent Liberals walk away and allow liberal principles to become the victim of their own success, it is the continuing success of Canada and Canadians that will become the real and permanent victim.

Have we become self-satisfied and complacent? Has our party run out of gas?

Is it ready to re-engage in response to the challenges of tomorrow?

Does it see the new frontiers for reform that will inspire it back into action?

Are we ready to embrace the new political paradigm?

The challenge is to apply liberal values in specific ways—ways that will shape and define the future of Canadian political life—not for today or tomorrow—but for five, 10 and 20 years down the road. Slowly and methodically tending and nurturing the little green shoots that will emerge in the wake of the forest fire that occurred on May 2, because we have the time. The time to re-imagine who we are and what we become as Liberals.

My personal response to that challenge is to leave you today with two big liberal ideas for the future.

I think they are "leapfrog ideas." And I hope you agree.

The first idea requires us to look forward just a year or two.

The second could become the cause of Liberals for an entire generation.

The first is something I hope to put in motion as president of this party.

The second will become the cause of my life as an ordinary rank-and-file Liberal once I leave office in January.

So let's dive in.

My first idea is about our democracy generally, because I not only believe Canadian democracy is in much worse shape than the Liberal Party but that in improving and extending our democracy, the Liberal Party will benefit hugely.

I think Liberals should commit to the idea of creating a registered voters' list as part of a broader package of wholesale democratic reform that will enhance democratic participation among Canadians profoundly.

A voter's list that would ultimately be administered by Elections Canada requiring all eligible voters to register either as (1) an "independent" voter or (2) a conservative, liberal, new democrat, bloc Quebecois or green voter or (3) an exempted voter on medical or other grounds including conscience.

And, just as we permit Canadians to file and pay their taxes online, we should enable Canadians to vote online in federal general elections and by-elections. It should be as easy to vote as it is to order theatre tickets.

Further, just as occurs already in almost 40 other countries including Australia, where the voter turnout is about 96 per cent, we should make voting in federal general elections and by-elections mandatory—as an essential duty of citizens, with failure to vote being subject to a fine.

We should also permit expatriate Canadians who have been ordinarily resident in Canada within, say, the preceding 10 years to vote in federal general elections and by-elections.

The apparatus of Elections Canada should be made available to any Canadian political party that wishes to open the franchise for nominating its riding candidates or electing its leaders by universal franchise extended to every registered party voter, rather than just to its members.

The most important aspect of these proposals, given that Liberals are nowhere near being in a position to make them law these days, is that our party should begin functioning as if this were the law now. Just as the precursors of the current Conservatives presciently organized their fundraising on a basis that assumed the need to access thousands of small individual donors well before election financing reform was enacted. They had a huge head start. We unilaterally disarmed and paid the price.

So, if we can pass any necessary enabling reforms at our January convention, then, instead of a membership drive, we can launch a nationwide Liberal voter registration drive for 2012. Liberals in every riding across the country going out to visit with their neighbours at their doorsteps, over the phone and, yes, through the now ubiquitous and powerful tools of social media, encouraging them to sign up as a registered Liberal. No charge.

One hundred thousand Liberals engaging with 150 households each over the course of the year.

Talking to about 22 million eligible voters.

With a few survey questions. About whether they voted last time and how they voted or why they didn't vote.

About whether they ever voted Liberal and, if they stopped voting Liberal or switched, when they did and why they did.

About the issues that matter most to them.

Now that's a democratic engagement exercise unlike any that Canada has ever seen.

And a post-mortem process unlike any ever conducted in Canadian politics.

A Liberal outreach strategy focused squarely on reconnecting with and rebuilding our base.

It's also the way to recapture the playing field from our opponents—for building the database Liberals need to have about our supporters and for finding the thousands of small donors we need to build a war-chest capable of defending our next leader when the inevitable onslaught comes and for fighting the next campaign.

Most importantly, it's a 21st-century organizational recipe for a party that needs to get up off its kister and shuck off its complacency in order to rejuvenate itself and win again.

And there's more.

Because when that registered list of Liberal voters is built, we can transform the selection of our next liberal leader in about 18 months' time from a one-member, one-vote process as it's currently designed into a one-liberal, one-vote process that truly engages Canadians.

Either way, whether every member votes or every Liberal votes, I believe we should run our next leadership selection process as a series of primaries over the last two months of our constitutionally mandated five-month campaign.

With voting on one weekend in British Columbia, New Brunswick and parts of Ontario, for example. And two weeks later in Alberta, Newfoundland and parts of Quebec. And so on until one big final super-Saturday by which every part of Canada will have voted. And leading up to each primary vote, rather than having party delegates converge on the big cities to meet their candidates, we send the candidates to debate the future of our country and our party everywhere in the regions where the next primary vote is going to occur, in small towns and large.

This is a process that would truly engage grassroots Liberals.

This is a process that would truly engage the media across the country and re-connect liberalism with millions of Canadians.

And it would give a new generation of aspiring liberal leaders a wide-open chance to test the waters for a bid without needing assurance up front that they can have the kind of support and can raise the money to go the full distance.

And six months after the leadership is over, fully two years before the next election is scheduled to occur, we could start the process of nominating our candidates in ridings across the country, again in a way that engages every registered liberal voter in that riding in selecting the liberal candidate. With no protection for incumbents and no holds barred.

Imagine. A national Liberal voter registration drive.

Led and inspired—riding by riding—by the hundreds of young people who believe in the resilience of this party and want to have a shot at being a Liberal candidate for Parliament in their riding in the next election. Young women. New Canadians. Our best and brightest of the next generation.

And something in which every Liberal can be involved, young and old and even including the middle-aged white guys.

Think about it. Think about how it would transform our party.

And now to my final point—and you have been patient.

The Liberal Party has always been a party of the future, a party that governs for tomorrow, and leaves a legacy for the next generation. You all know that legacy and I have already spoken about it. It is clear after almost six years that the current government has left no legacy. And the only legacy it seems to be promising today is more Canadians in prison, more guns in our streets and more fighter jets in our military arsenal—the "watchman state" at its best.

So I believe we should leave this strange new Parliament to polarize, or converge, as it chooses on the static left-right axis of a set of issues that belong to yesterday. And let's not worry too much about where the centre of Canadian political life is today.

Let's make sure the Liberal Party defines the centre for tomorrow by thinking about its next big legacy for Canada and Canadians.

And we come full circle to paradigm shifts. Paradigms. Basic metaphysics. The many assumptions that create the framework within which we live and think. Ever shifting as our knowledge advances.

Well, political paradigms shift too. Liberals embrace paradigm shifts because we have open minds and a natural bias for reform.

Our core assumptions in politics are about power. Liberals believe that the inexorable progress of mankind, the constant expansion of freedom, demands the ever more democratic disbursal of power. That the primary ongoing role of the state is to transfer power from the powerful to the less powerful. And because we believe in the primacy of the individual, we think of that power being placed in the hands of individuals to the maximum extent possible. Personal empowerment.

Just as we need to bring Liberals who have been marginalized and ignored back into the life of our party with a massive outreach exercise, we need to bring Canadians whose agenda has been marginalized and ignored by the current government back into the centre of our political life around a completely new consensus-building idea. Who are those powerless and marginalized Canadians?

- Our aboriginal population, especially the young people
- Women, especially single mothers and working women with families
- New Canadians
- The urban poor who are jobless, homeless and hungry
- Rural and remote Canadians
- Those who are fighting for a clean environment and against climate change
- People suffering from mental-health issues
- Volunteer caregivers
- All Canadians who believe that Canada's international mission can no longer be undermined by its reputation abroad for how it treats the poorest of citizens within its own borders

These are the Canadians we should be empowering as Liberals. Canadians whose hope is frustrated by powerlessness. Citizens whose future lives might be enhanced if we broadened the protection of the Charter to include certain basic economic and social rights—rights which we would want to see as essential badges of citizenry for every Canadian—like the right to quality education and health care, to a minimum-income and basic retirement security, to clean drinking water etc.

As constitutionalists, our liberal conception of power is tightly linked to our concept of sovereignty. The authority to exercise power. And we know that the whole course of western political development has been about the evolution of sovereignty or, more precisely, the devolution of sovereignty from the powerful to the powerless.

That is why we call our system a liberal democracy.

Sovereignty is always a question of power, the prerogatives and rights from which power flows. And over the centuries our paradigm of sovereign power has shifted many times.

Originally, with the emergence of monotheism, one God was conceived to be sovereign over all and all powerful. But God's law turned out to be inadequate for the purposes of emerging states. Earthly government and earthly laws were needed. So God's sovereignty was assumed by earthly rulers. The monarch became his representative on earth in earthly things. And we all became subjects.

Later following Magna Carta, sovereignty devolved to monarchs acting together with the entitled class, the lords of the realm. But the lords' power was derivative and the divine right of kings persisted.

Until sovereignty was finally transferred to the Crown in Parliament. Or, put more accurately, the king together with those elected by the male subjects who owned property in the kingdom to represent them.

Over time the franchise was extended so that the "Crown in Parliament" became the king acting together with the representatives of all the people in the kingdom, or what we in Canada once called the dominion.

And at the time of Confederation, our constitution divided the "Crown in Parliament" into two separate but overlapping sovereign jurisdictions, federal and provincial.

But long before Canada was formed, American revolutionaries had already taken things one step further. First, they got rid of the king altogether, brashly asserting the sovereignty and equality of the "people." Then, in addition to devolving the "people's sovereignty" upon their elected representatives in two jurisdictions, federal and state, they eventually affirmed powers for an entirely new political jurisdiction: the individual citizen on and for his/her own account. This totally new sphere of sovereignty for persons was reserved and defined through a series of U.S. constitutional amendments that have come to be known as the Bill of Rights, now a near sacred document which extends and protects basic civil and political liberties to all citizens as a counterweight to the potential tyranny of democratic majorities.

In effect, the U.S. Constitution has translated the notion of earthly sovereignty from being something that once flowed exclusively from God to something that now flows exclusively from the children of God or "the people," both collectively and individually.

Talk about a paradigm shift!

The rights conferred on individuals under the U.S. Constitution were essentially negative rights (i.e. freedom from state constraint of and/or interference with thought, expression, association, property and certain specific types of action).

Two hundred years later under Trudeau, Canada followed the American example and, in 1982, engrafted a Charter of Rights and Freedoms into the Canadian Constitution which, for the first time anywhere, entrenched individual rights in priority to the supremacy of the Crown as exercised through elected legislatures. In fact, the scope of rights conferred in Canada was broader than those under the U.S. Constitution, even extending to some so-called "positive" rights pursuant enabling individual citizens to require governments to do things (e.g. provide minority language schools).

The notion of granting additional sovereignty to citizens in the form of positive economic, social and economic rights is not new.

In his State of the Union Address on January 11, 1944, President Franklin Delano Roosevelt proposed what he described as a "second Bill of Rights" on the grounds that: "We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence. Necessitous men are not free men."

His prescription then the extension of individual rights to such areas as health, education, housing, income and retirement security. Roosevelt died a year later and his constitutional proposals died with him.

Fifty years later (1994), Canada was one of the signatories to the UN-sponsored International Covenant on Economic, Social and Cultural Rights. However, this charter has not been constitutionalized in Canada. It is not legally binding on Canadian governments or enforceable in Canadian courts.

One of the few jurisdictions that has adopted a "Bill of Rights" approach that extends positive economic, social and cultural rights to citizens is Quebec under the Charter of Human Rights and Freedoms enacted by the Bourassa provincial Liberal government in 1975. It guarantees a range of rights including the right to child care, public education, environmental security etc. However, this law only has quasi-constitutional status as, like any other Quebec statute, it is amendable solely by vote of the Quebec National Assembly and, of course, has no application whatsoever in any area of federal jurisdiction. Still, it provides a uniquely Canadian benchmark worthy of reinforcement as we push toward a new frontier of liberalism.

Constitutional change is difficult. The current Canadian Charter (1982) was a long time coming. In force for almost 30 years now, it has never been amended. Its history can be traced back to before the federal Bill of Rights (1960)—which was never constitutionalized—and over two decades of discussion and debate throughout Canada that followed. Even then, the Charter was adopted by the federal government and the constitutionally required majority of the provinces only when it was made clear that the interpretation of its guarantees by the Courts were to be "subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society."

In entrenching basic economic, social and cultural rights in Canada, my view is that their interpretation by the Courts should be "subject only to such reasonable limits prescribed by law as can be demonstrably justified by fiscal prudence and limits of a mixed-market economy in a global marketplace."

While the broadening of Charter Rights could never realistically result in any overnight change or sudden empowerment of powerless Canadians, the process of debating and promoting the entrenchment of such rights would change Canadian politics. It would open the next frontier of Canadian values that inform our fundamental concept of Canadian citizenry. Most Canadians believe they have a right to public education and quality health care, but many don't. Canadians think that every citizen has access to clean drinking water, but that's just not true.

A constitutional reform agenda from Liberals would not only provide an important beacon for all Canadian legislatures to consider in enacting future laws; it would also provide a tremendous organizing tool around which Canadian Liberals at both the provincial and federal levels could organize.

Think about it. It's clearly a liberal idea. A consensus-galvanizing liberal idea. And I think it's something worth fighting for.

Achieving the entrenchment of basic economic, social and cultural rights for Canadians would place all marginalized Canadians, especially aboriginal Canadians, in the forefront of liberal democratic progress and provide, for Canada, a concept of citizenry that would continue to be the envy of the world.

And that's the Liberal paradigm shift. From subject to citizen.

So let me now leave you with one final thought.

Canada is a fabulous country. But it is not just a country. It is an idea. An idea that knows no borders. An evolving idea. A powerful idea about what modern citizenship can be. Canada is a fundamentally liberal idea. And that idea has a powerful future. If we stand up and fight for it.

The appreciation of the meeting was expressed by Pradeep Sood, Founder, XactScribe Inc., Past Chair, Ontario Chamber of Commerce, and Director, The Empire Club of Canada.

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THE EMPIRE CLUB FOUNDATION

March, 2011

Fellow members,

The more than century-long record of contemporary Canadian affairs contained in The Empire Club of Canada's annual compendium has no peer in Canada, or perhaps in the world. I am not aware of any other volume of addresses that has been published without interruption for the past 107 years.

Recent years have been challenging ones for The Empire Club of Canada and it has gone through considerable tumult. Under Jehan Karsan's leadership, the Empire Club of Canada and the Empire Club Foundation are again working positively to fulfill our joint objectives.

This yearbook, in addition to being distributed to Empire Club of Canada members, is also distributed to libraries across the country and all Canadian Embassies and Consulates around the world.

The compendium and our Web site are funded through the generosity of the many members and friends of The Empire Club of Canada. On behalf of The Empire Club of Canada and Empire Club Foundation, I thank everyone who has helped make this possible.

Sincerely,

John C. Koopman
Chairman

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Independent Auditors' Report

To the Members of
The Empire Club Foundation

We have audited the accompanying financial statements of The Empire Club Foundation, which comprise the statements of financial position as at April 30, 2011 and April 30, 2010, the statements of operations, net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether as at and for the years ended April 30, 2011 and April 30, 2010 any adjustments might be necessary to donations revenue, excess of revenue over expenses, assets and net assets for the years reported in the statements of operations and changes in net assets and the statements of cash flows. This caused us to qualify our audit opinion on the financial statements as at and for the years ended April 30, 2011 and April 30, 2010.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Empire Club Foundation as at April 30, 2011 and April 30, 2010, and its results of operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Ontario Corporations Act, we report that the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year ended April 30, 2009.

KPMG LLP
Chartered Accountants, Licensed Public Accountants

November 8, 2011
Toronto, Canada

Financial Report

THE EMPIRE CLUB FOUNDATION
Statement of Financial Position for the Year Ended April 30, 2011 with Comparative Figures for 2010

	2011	2010
Assets		
Current Assets:		
Cash	$ 52,290	$ 19,140
Due from the Empire Club of Canada	50,528	50,828
GST/HST receivable	2,308	2,059
	$105,126	$ 72,027
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	$104,685	$ 51,148
Net Assets	441	20,879
	$105,126	$ 72,027

Signed on behalf of the Board

John C. Koopman
Chairman

Harry T. Seymour
Director

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB FOUNDATION
Statement of Operations and Net Assets for the Year Ended April 30, 2011 with Comparative Figures for 2010

	2011	2010
Revenue		
Donations:		
The Empire Club of Canada	$ 25,000	$ 25,000
Supporters	8,270	5,990
Interest	—	472
	$ 33,270	$ 31,462
Expenses		
Yearbook	49,925	45,605
Stationery, postage and other expenses	3,783	2,906
	$ 53,708	48,511
Deficiency of Revenue over Expenses	(20,438)	(17,049)
Net Assets, Beginning of Year	20,879	37,928
Net Assets, End of Year	$ 441	$ 20,879

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB FOUNDATION
Statement of Cash Flows
for the Year Ended April 30, 2011 with Comparative Figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	$ (20,438)	$ (17,049)
Changes in non-cash operating working capital		
Interest receivable	—	1,475
Due from Empire Club of Canada	300	(25,990)
GST/HST receivable	(249)	(1,229)
Accounts payable and accrued liabilities	53,537	(46,603)
	$ 33,150	$ (89,396)
Investing activities:		
Short-term investments	—	80,709
Increase (Decrease) in Cash	33,150	(8,687)
Cash, Beginning of Year	19,140	27,827
Cash, End of Year	$ 52,290	$ 19,140

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB FOUNDATION
Notes to Financial Statements for the Year Ended April 30, 2011

The Foundation

The Empire Club Foundation (the "Foundation") was incorporated on January 22, 1969 under the laws of Canada as a non-profit organization. The principal function of the Foundation is the publication and distribution of yearbooks, containing the texts of addresses to the Empire Club of Canada, to the Club's members and libraries across Canada. The Foundation's activities are funded by donations.

1. *Significant accounting policies*

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Those estimates are reviewed periodically and as adjustments become necessary, they are reported in the years in which they become known.

(a) Revenue recognition:
The Foundation includes donations in revenue when received, except for donations from the Empire Club of Canada, which are included in revenue when pledged.

(b) Expenses:
The estimated cost of publishing and distributing yearbooks of the current year is accrued each year.

(c) Financial instruments other than short-term investments:
The Foundation designates its cash as held-for-trading, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Foundation has adopted The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3861, Financial Instruments—Disclosure and Presentation. In accordance with the Accounting Standards Boards decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, Financial Instruments—Disclosures, and Section 3863, Financial Instruments—Presentation, the Foundation has elected not to adopt these standards in its financial statements.

(d) Use of estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. *Change in accounting policies*

Effective July 1, 2009, the Foundation adopted The Canadian Institute of Chartered Accountants' ("CICA") amendment to the 4400 sections of the CICA Handbook. These amendments provide an option to eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as a principal and require a statement of cash flows. Adoption of these recommendations resulted in an addition of a statement of cash flows to the financial statements.

3. *Fair value of financial assets and financial liabilities*

The carrying values of cash, due from the Empire Club of Canada, GST/HST receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short term to maturity of these items or because they are receivable or payable on demand.

CONSTITUTION

The Empire Club of Canada By-Law No. 1

Being a special by-law relating generally to the administration of affairs of The Empire Club of Canada

CONTENTS

ARTICLE I *Definitions and Interpretation*
ARTICLE II *Business of the Club*
ARTICLE III *Purpose and Object of the Club*
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ARTICLE XV *Financial Matters*

The following is hereby enacted as By-Law No. 1 of The Empire Club of Canada (hereinafter called the "Club"):

ARTICLE I *Definitions and Interpretation*

Section 1.01 Definitions

In this By-Law, the following words and phrases shall have the following meanings, respectively:

a) **"Act"** means the *Corporations Act*, R.S.O. 1990, c.C.38 as amended, and every statute that may be substituted therefore and, in the case of such substitution, any reference in the By-Law of the Club to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;

b) **"Board"** means the board of Directors of the Club;

c) **"By-law"** means this By-Law and all other by-laws and special by-laws from time to time in force and effect;

d) **"Club"** means the corporation incorporated by Letters Patent issued on the 26th day of March 1912, pursuant to *The Ontario Companies' Act* and operating under the name of The Empire Club of Canada;

e) **"Notice"** means, the provision of information, orally, or in writing, and may be communicated via telephone, facsimile transmission, publication, or electronic mail, and is deemed to be effective on the date the notice is sent or published, and such Notice shall be sufficient if addressed to the Members at their respective Recorded Address, and deposited post paid in the post office in Toronto;

f) **"Recorded Address"** means, in the case of a Member, his or her address as recorded in the register of Members and, in the case of a Director, Officer, auditor or member of a committee of the Board, his or her address as recorded in the records of the Club;

g) **"Registered Office"** of the Club will be at such location in the City of Toronto as determined by the Board from time to time;

h) **"Special Resolution"** means a resolution passed by the vote of at least two-thirds of the Members present and voting at a duly convened meeting;

i) **"Member"** means a member of the Club; and

j) **"Officer"** means those officers of the Club set out in Article VIII.

Section 1.02 Interpretation

This By-Law shall be interpreted in accordance with the following, unless the context otherwise specifies or requires:

a) Words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa, and references to persons shall include individuals, firms and corporations; and

b) Headings used in this By-Law are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

Section 1.03 Repeal of Previous By-Laws

All previous By-Laws relating to the administration of the affairs of the Club are hereby repealed and replaced with this By-Law.

ARTICLE II *Business of the Club*

Section 2.01 Name

The name of the Club is "The Empire Club of Canada."

Section 2.02 Registered Office

Until changed in accordance with the Act, the Registered Office of the Club shall be in the Province of Ontario and at such location therein as the Board may, from time to time, determine by resolution.

Section 2.03 Corporate Seal

The seal, an impression whereof is stamped in the margin hereof, shall be the seal of the Club.

ARTICLE III *Purpose and Object of the Club*

The purpose and object of the Club is to promote the interests of Canada and the British Commonwealth of Nations.

ARTICLE IV *Membership*

Section 4.01 Classes of Members

The membership of the Club shall consist of:

a) Life Members;
b) Senior Members
c) Regular Members;
d) Junior Members; and
e) Spousal Members

All members of classes (a), (c), and (e), must be the full age of eighteen years (excepting Senior Spousal Members), and otherwise have the capacity under law to contract.

Section 4.02 Life Members

Members of the Club in good standing may be elected to be Life Members by a two-thirds majority of those present at a Board meeting. Life Members shall pay one fee only, variable by age of the applicant, as may be fixed and published from time to time by the Board of Directors.

Section 4.03 Senior Members

Senior Members of the Club shall be of such age, and employment status, as determined by the Board of Directors from time to time.

Section 4.04 Regular Members

Candidates for Regular Membership shall be proposed by a Member in good standing and shall be elected by a two-thirds majority of those present at a Board meeting.

Section 4.05 Junior Members

Candidates for Junior Membership shall be between the ages of 14 and 35 years, proposed by a Member in good standing, and elected by a two-thirds majority of those present at a meeting of the Board of Directors.

Section 4.06 Spousal Members (Regular and Senior)

Spousal Members are charged annually a lesser membership fee for a spouse living at the same address as a Regular Member, Junior Member, or Senior Member.

Section 4.07 Membership Fees

a) All Members (excepting Life Members) shall pay respectively such annual fees as may be fixed and published from time to time by the Board of Directors;

b) All Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the 30th day of September in the following year; and

c) For all Members, membership shall end June 30, and if any Member is in arrears for fees after February 1 of the following year, such Member will no longer be considered in good standing.

ARTICLE V *Directors*

Section 5.01 Duties and Powers of Directors

The affairs of the Club shall be managed by a Board of Directors who may exercise all such powers and do all such acts and things as may be exercised or done by the Club.

Section 5.02 Number

The Board of Directors shall comprise 40 persons and shall include all of the following:

a) 30 Members;

b) The four Immediate Past Presidents; and

c) six Officers.

Section 5.03 Quorum

Ten Directors present at a meeting of the Board shall constitute a quorum.

Section 5.04 Qualification of Directors

Each Director shall:

a) be at least eighteen (18) years of age;
b) be a Member of the Club;
c) not be an undischarged bankrupt; and
d) have the capacity under law to contract.

Section 5.05 Nomination and Election of Directors

Nominations for election as Director at the Annual Meeting of the Club may be made in accordance with the following process:

a) The Board shall charge a committee with responsibility for the nominations process relating to the election of Directors, (the "Nominating Committee"), which shall consist of five Directors and four other Members of the Club;
b) The Nominating Committee shall be appointed annually by the Board of Directors in accordance with Article 7.01;
c) The Nominating Committee shall prepare a list of the nominations for Directors for the ensuing year;
d) The Chair (or acting Chair) of the Nominating Committee shall report the nominations to the Annual Meeting at which the Board of Directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of Director at the Annual Meeting;
e) If nominations do not exceed the number of Directors necessary, the Chair of the meeting may instruct the Secretary to cast one ballot in favour of those so

nominated and thereupon such persons shall be declared by the Chair to have been duly elected;

f) If the nominations exceed the number of Directors necessary, the Chair will call for a show of hands, unless a poll be demanded by the Chair or by any candidate for election. Upon a show of hands every member having voting rights shall have one vote and a declaration by the Chair that a resolution has been carried or not carried followed by an entry to that effect made in the minutes of the Club shall be prima facie evidence of the fact without proof of the number or proportion of the votes accorded in favour or against such resolution. The demand for a poll may be withdrawn, but if a poll be demanded and not withdrawn the question shall be decided by a majority of the votes cast and such poll shall be taken in such manner as the Chair shall direct. The result of such poll shall be deemed the decision of the Club upon the matter in question. In the event of the equality of the votes cast, whether by a show of hands or by a poll, the Chair shall be entitled to a second or casting vote; and

g) No person shall be elected a Director unless he is a Member in good standing.

Section 5.06 Honorary Directors

A Member, whose service to the Club has been exemplary, may be elected to the position of Honorary Director annually by a two-thirds majority of Directors, subject to re-election.

Section 5.07 Remuneration of Directors

The Directors shall receive no remuneration for acting as such.

Section 5.08 Casual Vacancies

In the event of any vacancy occurring in the office of Director, the remaining Directors may fill the vacancy from among the Members for the unexpired portion of the term of office of the person whose office is vacant.

ARTICLE VI *Meetings of The Board*

Section 6.01 Procedure

The procedure for regular Board meetings is as follows:

a) Board meetings shall be called by the President, or on a requisition signed by ten Directors;

b) The President shall, when present, preside at all meetings of the Members and of the Board of Directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority, shall act as Chair at such meetings;

c) Questions arising at any meeting of the Directors shall be decided by a majority of votes unless otherwise specifically provided by statute or this By-Law. In the case of an equality of votes, the Chair of the meeting, in addition to his original vote, shall have a second or deciding vote;

d) All votes at any meeting shall be taken by ballot if so demanded by a majority of Directors present, but if no demand be made, the vote shall be taken by a show of hands; and

e) A declaration by the Chair of the meeting that a resolution has been carried and an entry to that effect in the minutes shall be admissible in evidence as prima facie proof of the fact without proof of the number of proportion of the votes recorded in favor of or against such resolution.

Section 6.02 Notice

a) Notice shall be given to each Director and Honorary Director five days or more before the Board meeting is to take place, provided that a Board meeting may be held at any time if all Directors are present or if those absent have waived Notice or otherwise signified their consent to such meeting being held in their absence, in writing;

b) Notice of regular Board meetings may be given via telephone, facsimile transmission or electronic mail to each Director, and Honorary Director;

c) Waiver of Notice may be given via facsimile transmission or electronic mail to each Director, and Honorary Director; and

d) The Board may appoint a day or days in a month or months for regular meetings, at an hour or place to be named, and of such regular meetings, no notice need be given.

ARTICLE VII *Committees*

Section 7.01 Standing Committees

The following standing committees and the Chair of each shall be appointed by the Board of Directors as soon as convenient after each election of the Board:

a) Budget and Finance Committee;

b) Speaker's Committee;

c) Membership Committee;

d) Constitution and Corporate Governance Committee;

e) Reception Committee;

f) Publicity and Public Relations Committee;

g) Yearbook Committee;

h) Head Table and Attendance Committee; and

i) Nominating Committee;

provided that for any year the Board of Directors may by resolution elect not to appoint any one or more of such committees.

Section 7.02 Other Committees

The President or the Board of Directors may from time to time appoint such other Committees as may be deemed expedient, necessary or appropriate for such purposes and with such powers as the President or the Board shall see fit.

Any such Committee may formulate its own rules of procedure, subject to such regulations or directions as may from time to time be made by the President or the Board.

Section 7.03 Removal from Committees

Any committee member may be removed by resolution of the Board.

ARTICLE VIII *Officers*

Section 8.01 Appointment of Officers

The Board of Directors shall meet as soon as convenient after their election for the purpose of appointing the Officers of the Club for the period ending June 30th in the next year, but each Officer shall continue in office until his successor is appointed. No notice of the meeting to appoint new Officers is required if this meeting is held immediately after the Annual Meeting.

Section 8.02 Honorary Officers

The Honorary Officers of the Club shall consist of the following:

a) Honorary President;

b) Honorary Vice-President;

c) Honorary Chairman;

d) Honorary Secretary;

e) Honorary Treasurer; and

f) Honorary Solicitor.

Section 8.03 Officers

The Officers of the Club shall consist of the following:

a) President;

b) First, Second and Third Vice-Presidents;

c) Secretary; and

d) Treasurer.

Section 8.04 Qualifications

a) All Officers other than Honorary Officers shall be Directors of the Club;

b) No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a Member in good standing; and

c) In the event of a vacancy occurring in any office, the Board of Directors may fill the vacancy for the un-expired portion of the term.

ARTICLE IX *Regular, Special and Annual Meetings*

Section 9.01 Regular Meetings

The Club shall hold Regular Meetings weekly, if possible, from September to June, inclusive, with such intermissions as may from time to time be determined by the Board of Directors.

Section 9.02 Special Meetings

Special Meetings of the Club may be called at any time by the President, or on a requisition signed by ten Directors.

Section 9.03 Annual Meetings

The Annual Meeting shall be held not later than June 30th of each year. At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim financial report from the Treasurer.

Section 9.04 Notice of Meetings to Members

a) Notice of all Regular Meetings shall be given to all Members of the Club at their Recorded Address;

b) Notice of all Special and Annual Meetings shall be given to all Members of the Club at least ten days prior to the date upon which the meeting is to be held; and

c) The accidental failure or omission to give notice to any Member shall not invalidate the proceeding at any meeting.

Section 9.05 Quorum at Meetings

Sixteen Members in good standing shall constitute a quorum at any meeting of the Members of the Club.

Section 9.06 Limitation of Business at Regular Meetings

No business shall be introduced at any Regular Meeting of the Club by any person other than the Chair of the meeting, unless it has been approved by the Board prior to the meeting.

ARTICLE X *Fiscal Year*

The fiscal year of the Club shall end on such day in each year as may be fixed by the Board of Directors, but if not so fixed by the Board, it shall end on June 30.

ARTICLE XI *Not-For-Profit Corporation*

The Club shall be operated without the purpose of gain for any of its Members and any profits or other accretions to the Club shall be used in promoting the objects of the Club.

ARTICLE XII *Amendment of By-Laws*

The By-Laws of the Club may be repealed or amended by a by-law enacted by the Board of Directors and sanctioned by an affirmative vote of two-thirds (2/3) of the Members at a meeting duly called for the purpose of considering such repeal or amendment.

ARTICLE XIII *Auditor*

a) An Auditor shall be appointed at each annual meeting at a remuneration to be determined by the Directors.

Section 14.01 Protection

For the protection of Directors and Officers:

a) No Director or Officer shall be liable for the acts, receipts, neglects or defaults of any other Director, Officer or employee or for any loss, damage or expense happening to the Club through the insufficiency or deficiency of title to any property acquired by order of the Board or for or on behalf of the Club or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Club shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or company with whom or which any moneys, securities or effects shall be lodged or deposited or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of such Director's or Officer's respective office or trust or in relation thereto, unless the same shall happen by or through such Director's or Officer's own wrongful and willful act or through his own wrongful and willful neglect or default.

b) Directors and Officers shall not be liable to the Club for any costs, charges, expenses, loss or liability which the Club shall suffer or incur for, by reason of, arising out of, or in any way relating to any act, deed, matter or thing made, done or permitted to be done or omitted to be done by him in the performance of his duties and functions (or in the performance of what he honestly believed was in the proper performance of his duties and functions), provided he acted or made such omission honestly, in good faith and without fraud or fraudulent intent.

Section 14.02 Indemnity

Every Director or Officer of the Club, and his heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Club from and against:

a) any and all costs, charges and expenses whatsoever which such Director or Officer sustains or incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by him, in or about the execution of the duties of his office; and

b) any and all costs, charges and expenses that he sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own willful neglect or default.

Section 14.03 Insurance

The Board shall cause to be purchased such insurance as it considers advisable and necessary to ensure that Directors and Officers will be indemnified and saved harmless in accordance with this By-Law; the premiums for such insurance coverage shall be paid from the funds of the Club.

ARTICLE XV *Financial Matters*

Section 15.01 Authorized Signing Officers

Contracts, documents or other instruments in writing requiring the signature of the Club shall be signed by any two Officers and all contracts, documents, and instruments in writing so signed shall be binding upon the Club without any further authorization or formality. The Board shall have power from time to time by resolution to appoint an Officer or Officers on behalf of the corporation to sign specific contracts, documents and instruments in writing. Any financial obligation in excess of $25,000 to be incurred by the Club shall require Board authorization.

Section 15.02 Banking and Borrowing

a) Bank accounts of the Club shall be kept at such banks and in such places and shall be operated in such manner and by such person or persons as the Board shall from time to time determine by by-law.

b) The Board may from time to time:
   i) borrow money on the credit of the Club;
   ii) issue, sell or pledge debt obligations (including bonds, debentures, debenture stock, notes or other like liabilities whether secured or unsecured) of the Club;
   iii) charge, mortgage, hypothecate or pledge all or any currently owned or subsequently acquired real or personal, movable or immovable property of the Club, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation; and
   iv) delegate the powers conferred on the Board under this paragraph to such Officer or Officers of the Club and to such extent and in such manner as the Directors shall determine.

Section 15.03 Investments

The Board may invest in any investments which are authorized by the Club's investment policy as determined by the Board from time to time.

Section 15.04 Trust Funds

a) No benefit given in trust to or to the use of the Club for endowment purposes shall be hypothecated, transferred or assigned to obtain credit or to receive funds except as allowed by the *Trustee Act* (Ontario);

b) The Secretary shall keep at the Registered Office of the Club copies of all testamentary documents and trust instruments by which benefits are given, bequeathed or devised to, or to the use of, the Club;

c) The Club shall apply any trust funds of the Club only to the designated purpose(s) for which such funds were intended. Under no circumstances shall the Club transfer any funds held in trust by the Club to any other individual or entity, unless such transfer complies with all applicable law, including without limitation, the *Charities Accounting Act* (Ontario) and the *Trustee Act* (Ontario); and

d) The Treasurer shall at least semi-annually provide an accounting to the Board with respect to all funds held in trust by the Club.

[illegible]

(d) [illegible]

(i) [illegible]

(ii) [illegible]

Section 15.02 — [illegible]

[illegible]

Section 15.03 — [illegible]

(a) [illegible]

(b) [illegible]